



Hygieia Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1650



INTERIM REPORT
2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

Mr. Koh How Thim
Mr. Tan Wu Hao
(resigned with effect from 1 September 2023)
Mr. Wong Yuk
Mr. Lew Chern Yong
(appointed with effect from 1 September 2023)

AUTHORISED REPRESENTATIVES

Mr. Toh Eng Kui
Mr. Lau Chung Wai

COMPANY SECRETARY

Mr. Lau Chung Wai

AUDIT COMMITTEE

Mr. Wong Yuk *(Chairman)*
Mr. Koh How Thim
Mr. Tan Wu Hao
(resigned with effect from 1 September 2023)
Mr. Lew Chern Yong
(appointed with effect from 1 September 2023)

REMUNERATION COMMITTEE

Mr. Koh How Thim *(Chairman)*
Mr. Wong Yuk
Mr. Tan Wu Hao
(resigned with effect from 1 September 2023)
Mr. Lew Chern Yong
(appointed with effect from 1 September 2023)

NOMINATION COMMITTEE

Mr. Lew Chern Yong *(Chairman,*
appointed with effect from 1 September 2023)
Mr. Tan Wu Hao *(Former Chairman,*
resigned with effect from 1 September 2023)
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/>



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 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, commercial and industrial buildings.

The Group has more than 25 years of experience in the environmental services industry, and with their L6-graded FM02 workhead for “Housekeeping, Cleansing, Desilting and Conservancy” services currently held by Eng Leng, the Group is able to tender for public sector service contracts of an unlimited contract value. As at 30 August 2023, Eng Leng was one of 40 registered contractors holding an L6-graded FM02 workhead among 498 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 Gold award for delivering high cleaning standards.

As at 31 August 2023, the Group had 324 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$72.5 million.

FUTURE PROSPECTS

In the second half of 2023, 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. While we expect the Singapore environmental services industry to becoming increasingly challenging and competitive, we remain committed in enhancing our productivity through investments in technology and training. The management and staff will remain vigilant and nimble, look ahead and make necessary adjustments to remain a market leader in the environmental services industry in Singapore. The Group will strive to further entrench and increase its market presence in the industry.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group’s total revenue was approximately S\$31.1 million, representing a decrease of approximately 9.4% from approximately S\$34.3 million as compared with the corresponding period of 2022. This decrease was primarily due to the increasingly challenging and competitive climate in the Singapore environmental services industry.

Cost of Sales

For the six months ended 30 June 2023, the cost of sales was approximately S\$27.1 million, representing a decrease of approximately 3.6% from approximately S\$28.1 million as compared with the corresponding period of 2022. Please refer to the section “Gross Profit and Gross Profit Margin” for the explanation of the decrease.



Gross Profit and Gross Profit Margin

Gross profit decreased from approximately S\$6.3 million for the six months ended 30 June 2022 to approximately S\$4.1 million for the six months ended 30 June 2023. The gross profit margin decreased to 13.1% for the six months ended 30 June 2023 from 18.3% for the six months ended 30 June 2022, which was primarily due to the increase in labour-related expenses and the decrease in receipts of government grants on employment credit from the Singapore Government. For the six months ended 30 June 2023, the Group has recognised approximately S\$0.5 million of government grants in total (30 June 2022: S\$1.9 million).

Other Expenses

Administrative Expenses

Administrative expenses decreased from approximately S\$4.5 million for the six months ended 30 June 2022 to approximately S\$4.0 million for the six months ended 30 June 2023, primarily due to the lower professional fees incurred in the current period.

Finance Costs

Finance costs decreased from approximately S\$150,000 for the six months ended 30 June 2022 to S\$109,000 for the six months ended 30 June 2023, primarily due to the Group's decreased interest expense incurred on its borrowings and lease liabilities.

Income Tax Expense

The income tax expense and effective tax rate for the six months ended 30 June 2023 was approximately S\$61,000 and 39.9% respectively, as compared with S\$563,000 and 30.7% during the corresponding period of 2022. The increase in effective tax rate was mainly attributable to the overall lower chargeable income of the subsidiaries of the Company.

Profit after Tax for the Six Months Ended 30 June 2023

As a result of the above factors, the net profit of the Group was approximately S\$92,000 for the six months ended 30 June 2023, as compared with S\$1.3 million for the six months ended 30 June 2022.

Liquidity and Capital Resources

As at 30 June 2023, the current assets of the Group amounted to approximately S\$50.0 million, including cash and cash equivalents of approximately S\$11.5 million, fixed bank deposits of \$10.2 million and trade and other receivables, deposits and prepayments of approximately S\$16.1 million. Current liabilities of the Group amounted to approximately S\$9.3 million, including trade and other payables of approximately S\$5.9 million, borrowings of approximately S\$1.9 million and lease liabilities of approximately S\$1.5 million. As at 30 June 2023, the current ratio (the current assets to current liabilities ratio) of the Group was 4.1, as compared with 3.9 as at 31 December 2022.

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 30 June 2023. Thus, the net debt to equity ratio was not applicable (31 December 2022: N/A).



MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures

Save as disclosed in this interim report, there was no other significant capital expenditure incurred during the six months ended 30 June 2023.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2023.

Pledge of Assets

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

- (i) Assignment over debtors allowed under trade receivables financing;
- (ii) Debenture incorporating a fixed and floating charge over all assets; and
- (iii) Corporate guarantee provided by the Company.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this interim report, the Group did not have plans for material investments and capital assets as at 30 June 2023.

Significant Investments, Acquisitions and Disposals

Save as disclosed in this interim report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period, nor was there any plan authorised by the Board for other material investments or additions of capital assets during the six months ended 30 June 2023.

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.



Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade and other receivables and deposits, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Events After the Reporting Period

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

USE OF PROCEEDS FROM THE LISTING

The net proceeds raised by the Company from the Listing are approximately S\$11.8 million (after deduction of the underwriting commissions in respect of the Share Offer and other estimated expenses). As disclosed in the Company's announcement dated 28 December 2022 (the "**Change in Use of Proceeds Announcement**"), with a view to enabling the Group to actively participate in tender submissions in an increasingly competitive business climate, the Board had resolved to change the proposed use of the unutilised net proceeds originally allocated for (i) purchasing waste disposal equipment; and (ii) hiring waste disposal staff. Please refer to the Change in Use of Proceeds Announcement for details. The following table sets forth the status of the use of revised allocation of the net proceeds as at 30 June 2023:

	Original allocation of the net proceeds as stated in the Prospectus S\$'000	Revised allocation of the net proceeds as stated in the Change in Use of Proceeds Announcement S\$'000	Utilised amounts as at 30 June 2023 S\$'000	Unutilised amounts after reallocation as at 30 June 2023 S\$'000	Estimated completion of utilisation
Acquisition of landscaping company	1,774	1,774	-	1,774	31 Dec 2024
Purchase of waste disposal equipment	2,520	1,425	292	1,133	31 Dec 2024
Hiring of waste disposal staff	2,446	1,685	444	1,241	31 Dec 2024
Cash flow mismatch	2,436	4,292	3,478	814	31 Dec 2023
Hiring of sales and marketing staff	166	166	166	-	N/A
Hiring of safety officers	296	296	-	296	31 Dec 2024
Purchase of software and systems	284	284	91	193	31 Dec 2024
Leasing of automated machinery and equipment	721	721	296	425	31 Dec 2024
General working capital	1,182	1,182	1,182	-	N/A
Total	11,825	11,825	5,949	5,876	

EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2023, the Group had approximately 2,223 employees (1,904 as at 31 December 2022). The employees of the Group (including foreign workers) are remunerated according to their work skills, job scope, responsibilities and performance. Employees are also entitled to a discretionary bonus depending on their respective performances. The duration for which foreign workers are typically employed depends on the period specified in their work permits, and their employment with the Company is subject to renewal based on their performance. The Company also provides housing and medical insurance coverage for their foreign workers as required by the Singapore Ministry of Manpower.

CORPORATE GOVERNANCE AND OTHER INFORMATION



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

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

CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions for the six months ended 30 June 2023.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Company's unaudited interim results for the six months ended 30 June 2023 and this interim report, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made with no disagreement by the Audit Committee.

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

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

PUBLIC FLOAT

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

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 30 June 2023, 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 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:

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

As at 30 June 2023, the interests or short positions of the Directors and chief executives of the Company in the Shares and underlying Shares 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 and underlying Shares of the Company

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

Note:

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



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

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%

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2023, none of the Directors or the chief executives of the Company had any interests and/or short positions in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2023, 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 and underlying Shares 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 ⁽¹⁾	1,500,000,000	75%

Note:

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

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2023, 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 8 June 2020. Details of the Share Option Scheme are set forth in the section headed “Statutory and General Information – F. Share Option Scheme” in Appendix IV to the Prospectus. No option has been granted since then and up to 30 June 2023. Therefore, no share option was exercised, expired or lapsed during the Reporting Period and there is no outstanding share option under the Share Option Scheme during the Reporting Period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2023



	Note	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Revenue	3	31,120	34,338
Cost of sales		(27,057)	(28,060)
Gross profit		4,063	6,278
Other income	4	183	13
Other gains, net	5	32	149
Administrative expenses		(4,016)	(4,458)
Operating profit		262	1,982
Finance costs	7	(109)	(150)
Profit before income tax		153	1,832
Income tax expense	8	(61)	(563)
Profit for the period		92	1,269
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		15	1
Other comprehensive income for the period, net of income tax		15	1
Total comprehensive income for the period		107	1,270
Profit for the period attributable to:			
Owners of the Company		76	1,270
Non-controlling interest		16	(1)
		92	1,269
Total comprehensive income for the period attributable to:			
Owners of the Company		92	1,271
Non-controlling interest		15	(1)
		107	1,270
Earnings per share			
Basic and diluted (Singapore cents)	9	0.0038	0.064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023



	Note	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,673	2,633
Right-of-use assets		1,938	1,739
		<u>4,611</u>	<u>4,372</u>
Current assets			
Trade and other receivables, deposits and prepayments	11	16,118	14,984
Fixed bank deposits		10,183	10,000
Cash and cash equivalents	12	11,519	17,515
		<u>37,820</u>	<u>42,499</u>
Total assets		<u>42,431</u>	<u>46,871</u>
EQUITY			
Share capital	13	3,592	3,592
Reserves		26,096	28,004
Equity attributable to owners of the Company		29,688	31,596
Non-controlling interests		16	1
Total equity		<u>29,704</u>	<u>31,597</u>
LIABILITIES			
Non-current liabilities			
Borrowings	14	2,941	3,878
Lease liabilities		494	592
		<u>3,435</u>	<u>4,470</u>
Current liabilities			
Trade and other payables	15	5,949	7,577
Borrowings	14	1,879	1,884
Lease liabilities		1,464	1,168
Income tax payable		–	175
		<u>9,292</u>	<u>10,804</u>
Total liabilities		<u>12,727</u>	<u>15,274</u>
Total equity and liabilities		<u>42,431</u>	<u>46,871</u>
Net current assets		<u>28,528</u>	<u>31,695</u>
Total assets less current liabilities		<u>33,139</u>	<u>36,067</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserves	Other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2023	3,592	13,173	4,500	(98)	10,418	11	31,596	1	31,597
Profit for the period	-	-	-	-	76	-	76	16	92
Other comprehensive income for the period	-	-	-	-	-	16	16	(1)	15
Total comprehensive income for the period	-	-	-	-	76	16	92	15	107
Dividend paid	-	-	-	-	(2,000)	-	(2,000)	-	(2,000)
Balance at 30 June 2023	3,592	13,173	4,500	(98)	8,494	27	29,688	16	29,704

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserves	Other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2022	3,592	13,173	4,500	(98)	16,522	8	37,697	(5)	37,692
Profit for the period	-	-	-	-	1,270	-	1,270	(1)	1,269
Other comprehensive income for the period	-	-	-	-	-	1	1	-	1
Total comprehensive income for the period	-	-	-	-	1,270	1	1,271	(1)	1,270
Balance at 30 June 2022	3,592	13,173	4,500	(98)	17,792	9	38,968	(6)	38,962

CONSOLIDATED STATEMENT OF CASH FLOWS



	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	(1,723)	4,796
Income tax paid	(95)	(1,012)
Net cash (used in)/generated from operating activities	(1,818)	3,784
Cash flows from investing activities		
Purchase of property, plant and equipment	(442)	(430)
Interest received	183	–
Net cash used in investing activities	(259)	(430)
Cash flows from financing activities		
Interest paid on:		
– Lease liabilities	(37)	(42)
– Other financing arrangement	(72)	(108)
Repayments of bank borrowings	(871)	(1,906)
Proceeds from bank borrowings	–	1,034
Lease payments for principal portion of lease liabilities	(940)	(973)
Dividends paid	(2,000)	–
Net cash used in financing activities	(3,920)	(1,995)
Net (decrease)/increase in cash and cash equivalents	(5,997)	1,359
Cash and cash equivalents at beginning of the period	17,515	31,018
Effects of currency translation on cash and cash equivalents	1	–
Cash and cash equivalents at end of the period	11,519	32,377



1 GENERAL INFORMATION AND BASIS OF PREPARATION

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 which was incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Toh Eng Kui, 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 Basis of preparation

The unaudited condensed interim financial information for the six months ended 30 June 2023 has been prepared in accordance with the International Accounting Standard (“**IAS**”) 34 “Interim financial reporting”. The unaudited condensed interim financial information should be read in conjunction with the annual results announcement for the year ended 31 December 2022.

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 following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the unaudited condensed interim financial information:

IFRS 17 (Including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendments to IFRSs in the current year had no material impact on the Group’s financial position and performance for the current period and/or on the disclosures set out in the unaudited condensed financial information. The Group has not applied any new standard, amendment or interpretation that is not effective for the current period.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

3 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.

(a) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Provision of cleaning services	31,078	34,272
Sales of goods	42	66
	31,120	34,338
Timing of revenue recognition:		
Over time	31,078	34,272
Point in time	42	66
	31,120	34,338

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

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Singapore	27,597	33,473
Thailand	3,523	865
	31,120	34,338

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION



3 REVENUE AND SEGMENT INFORMATION – continued

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

Revenue from customers of the six months ended 30 June 2023 and 30 June 2022 contributing over 10% of the Group's revenue is as follows:

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Customer A	N/A ¹	4,114

¹ The corresponding revenue did not contribute to over 10% of the total revenue of the Group.

(b) Non-current assets by geographical location

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000
	Singapore	4,486
Thailand	125	55
	4,611	4,372

4 OTHER INCOME

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Interest income	183	–
Others	–	13
	183	13

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

5 OTHER GAINS, NET

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Net exchange gain	3	10
Gain on disposal of property, plant and equipment	29	139
	<u>32</u>	<u>149</u>

6 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Salaries and other allowances	18,903	18,189
Employer's contribution to defined contribution plan	1,269	1,492
Other employee benefits	229	213
	<u>20,401</u>	<u>19,894</u>

Included in employee benefit expenses are government grants on employment credit that have been netted off against the wages and salaries amounting to S\$538,000 for the six months ended 30 June 2023 (30 June 2022: S\$1,876,000).

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

7 FINANCE COSTS

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Loan interest	57	80
Interest on lease liabilities	37	42
Interest on hire purchase arrangement	15	28
	<u>109</u>	<u>150</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION



8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current tax		
– Singapore corporate income tax (“CIT”)	61	563
	61	563

Singapore CIT is calculated at 17% of the estimated assessable profit for the six months ended 30 June 2023 (Six months ended 30 June 2022: 17%).

Thailand income tax is calculated at the 20% of the estimated assessable profit for the six months ended 30 June 2023 (Six months ended 30 June 2022: 20%).

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

9 EARNINGS PER SHARE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company (S\$'000)	76	1,270
Number of shares for the purpose of basic and diluted earnings per share:		
Weighted average number of ordinary shares in issue ('000)	2,000,000	2,000,000
Basic and diluted earnings per share (Singapore cents)	0.0038	0.064

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

10 DIVIDENDS

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period: 2022 Final – S\$0.001 per ordinary share	2,000	–
	2,000	–

No interim dividend is declared by the Board for the six months ended 30 June 2023.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June	31 December
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	
Trade receivables	12,699	10,656
Unbilled revenue	2,125	3,017
	14,824	13,673
Allowance for ECL	(331)	(331)
	14,493	13,342
Deposits	619	579
Prepayments	483	335
Other receivables	523	728
	1,625	1,642
Total	16,118	14,984

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION



11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – continued

(a) Trade receivables

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

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
0 to 30 days	8,712	5,493
31 to 60 days	640	3,378
61 to 90 days	51	643
91 to 120 days	392	235
Over 120 days	73	576
	12,368	10,325

The Group's customers comprise mainly (i) commercial, residential and industrial premises in the private sector, and (ii) Singapore government agencies, schools and residential premises in the public sector. For the six months ended 30 June 2023, the Group recognised allowance for ECL of S\$331,000 (31 December 2022: S\$331,000).

(b) Deposits and other receivables

Other deposits at 30 June 2023 and 31 December 2022 mainly represent rental deposits for workers' accommodation, utilities and tendering.

(c) Prepayments

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

12 CASH AND CASH EQUIVALENTS

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

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
Cash on hand	298	302
Cash at bank	11,221	17,213
	11,519	17,515

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
S\$	11,352	17,133
Hong Kong Dollar ("HKD")	42	65
Thai baht	124	316
United States Dollar ("USD")	1	1
	11,519	17,515

13 SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000	Amount S\$'000
Ordinary shares of HK\$0.01 each Authorised: As at 31 December 2022 and 30 June 2023 (Unaudited)	10,000,000,000	100,000	20,000

	Number of ordinary shares	Amount HK\$'000	Amount S\$'000
Ordinary shares of HK\$0.01 each Issued and fully paid: As at 31 December 2022 and 30 June 2023 (Unaudited)	2,000,000,000	20,000	3,592

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION



14 BORROWINGS

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
Current		
Trade receivables financing (Note (a))	–	–
Term loans (Note (a))	1,750	1,735
Hire purchase loans (Note (b))	129	149
	1,879	1,884
Non-current		
Term loans (Note (a))	2,845	3,725
Hire purchase loans (Note (b))	96	153
	2,941	3,878
Total borrowings	4,820	5,762

(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:

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
Carrying amounts repayable:		
– Within one year	1,750	1,735
– Between one to two years	1,755	1,755
– Between two to five years	1,090	1,970
	4,595	5,460

Trade receivables financing relates to factoring of approved debts owing by certain customers. It bears an interest at 3% per annum over the bank's prevailing cost of funds ("COF").

As at 30 June 2023, trade receivables financing amounting to S\$nil (31 December 2022: S\$nil) were secured by the Group's pledged trade receivables.

Term loans are interest-bearing at fixed rates ranged from 2.0% to 2.5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

14 BORROWINGS – *continued*

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

The above banking facilities are secured by the following:

- (i) First legal mortgage over the freehold properties of the Group which was discharged during the year ended 31 December 2022;
- (ii) Assignment over debtors allowed under trade receivables financing;
- (iii) Debenture incorporating a fixed and floating charge over all assets; and
- (iv) Corporate guarantee by the Company.

The bank has imposed a requirement of maintaining certain financial ratios as part of the covenant clauses in the loan agreement. Eng Leng has complied with these covenants throughout the reporting period.

(b) Hire purchase loans

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
Hire purchase payments due:		
– Within one year	153	177
– More than one year	113	181
	<hr/>	<hr/>
Total hire purchase payments	266	358
Less: future finance charges	(41)	(56)
	<hr/>	<hr/>
	225	302
Less: non-current portion	(96)	(153)
	<hr/>	<hr/>
Current portion	129	149
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION



15. TRADE AND OTHER PAYABLES

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000
Trade payables	1,843	2,337
Other payables	1,189	1,290
Accrued expenses	596	320
Accrued employee benefit expenses	2,321	3,630
	5,949	7,577

The ageing analysis of the Group's trade payables based on invoice dates at 30 June 2023 and 31 December 2022 were as follows:

	As at 30 June 2023 S\$'000 (Unaudited)	As at 31 December 2022 S\$'000
0 to 30 days	55	1,610
31 to 60 days	325	449
61 to 90 days	218	152
Over 90 days	45	126
	1,843	2,337

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

16 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

Related party transactions

The following material transactions occurred with related parties:

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Continuing transaction		
– Trade:		
Purchase of subcontracting services from an entity owned by a close family member of a director of an operating entity	157	174



“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company from time to time
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Clean Mark”	the Clean Mark Accreditation Scheme, a scheme developed by, amongst others, NEA that recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices
“Company”	Hygieia Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019
“Director”	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
“FM02”	one of the maintenance workheads classified under the CRS (as defined in the Prospectus), where the title of the FM02 workhead is “Housekeeping, Cleansing, Desilting & Conservancy Services” and it refers to the provision of cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains and grass cutting
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRSs”	International Financial Reporting Standards
“ISO 9001:2015”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
“L6”	the highest financial grade for the FM02 workhead under the CRS (as defined in the Prospectus) in Singapore



DEFINITIONS

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 3 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“NEA”	the National Environment Agency, a statutory body under the Singapore Ministry of the Environment and Water Resources which is responsible for improving and sustaining a clean and green environment in Singapore
“Prospectus”	the prospectus of the Company dated 12 June 2020
“Reporting Period”	the six months ended 30 June 2023
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Offer”	the Public Offer (as defined in the Prospectus) and the Placing (as defined in the Prospectus)
“Share Option Scheme”	the share option scheme adopted by the Company on 8 June 2020
“Shareholders”	holder(s) of Shares
“Shares”	ordinary shares(s) with a nominal value HK\$0.01 each in the issued share capital of the Company
“Singapore”	the Republic of Singapore
“Singapore Government”	the government of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Thailand”	the Kingdom of Thailand
“%”	per cent