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## **HYGIEIA GROUP LIMITED**

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

**(Stock Code: 1650)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Hygieia Group Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), is pleased to announce the interim results and the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021. The results have been reviewed by the Audit Committee (the “**Audit Committee**”) and were approved by the Board on 31 August 2022.

#### **FINANCIAL HIGHLIGHTS**

- The unaudited revenue of the Group for the six months ended 30 June 2022 amounted to approximately S\$34.3 million, representing a decrease of approximately of S\$1.2 million or 3.3% as compared with the revenue of approximately S\$35.5 million for the six months ended 30 June 2021.
- The unaudited profit after tax of the Group for the six months ended 30 June 2022 was approximately S\$1.3 million, which represented a decrease of approximately S\$3.0 million or 70.6% as compared to the unaudited profit after tax of approximately S\$4.3 million for the six months ended 30 June 2021.
- Basic and diluted earnings per share was S\$0.00064 for the six months ended 30 June 2022 as compared to basic and diluted earnings per share of S\$0.0022 for the six months ended 30 June 2021.
- No interim dividend is recommended by the Board for the six months ended 30 June 2022.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2022

|  | <i>Note</i> | 2022<br><i>S\$'000</i><br>(Unaudited) | 2021<br><i>S\$'000</i><br>(Unaudited) |
|--|-------------|---------------------------------------|---------------------------------------|
| Revenue  | 3           | 34,338                                | 35,499                                |
| Cost of sales  |             | <u>(28,060)</u>                       | <u>(26,708)</u>                       |
| <b>Gross profit</b>  |             | <b>6,278</b>                          | <b>8,791</b>                          |
| Other income   | 4           | 13                                    | 95                                    |
| Other gains/(losses), net  | 5           | 149                                   | (2)                                   |
| Administrative expenses  |             | <u>(4,458)</u>                        | <u>(3,811)</u>                        |
| <b>Operating profit</b>  |             | <b>1,982</b>                          | <b>5,073</b>                          |
| Finance costs  | 7           | <u>(150)</u>                          | <u>(124)</u>                          |
| <b>Profit before income tax</b>                                      |             | <b>1,832</b>                          | <b>4,949</b>                          |
| Income tax expense   | 8           | <u>(563)</u>                          | <u>(628)</u>                          |
| <b>Profit for the year</b>   |             | <b><u>1,269</u></b>                   | <b><u>4,321</u></b>                   |
| <b>Other comprehensive income:</b>                                   |             |                                       |                                       |
| <i>Item that may be subsequently reclassified to profit or loss:</i> |             |                                       |                                       |
| Exchange differences arising on translation of foreign operations    |             | <u>1</u>                              | <u>(3)</u>                            |
| <b>Other comprehensive income for the year, net of income tax</b>    |             | <b><u>1</u></b>                       | <b><u>(3)</u></b>                     |
| <b>Total comprehensive income for the year</b>                       |             | <b><u>1,270</u></b>                   | <b><u>4,318</u></b>                   |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

*Six months ended 30 June 2022*

|   | <i>Note</i> | <b>2022</b><br><i>S\$'000</i><br><b>(Unaudited)</b> | 2021<br><i>S\$'000</i><br>(Unaudited) |
|---|-------------|---|---------------------------------------|
| <b>Profit for the year attributable to:</b>                     |             |   |                                       |
| Owners of the Company   |             | 1,270   | 4,328                                 |
| Non-controlling interest  |             | <u>(1)</u>  | <u>(7)</u>                            |
|   |             | <u><b>1,269</b></u>                                 | <u><b>4,321</b></u>                   |
| <b>Total comprehensive income for the year attributable to:</b> |             |   |                                       |
| Owners of the Company   |             | 1,271   | 4,325                                 |
| Non-controlling interest  |             | <u>(1)</u>  | <u>(7)</u>                            |
|   |             | <u><b>1,270</b></u>                                 | <u><b>4,318</b></u>                   |
| <b>Earnings per share</b>                                       |             |   |                                       |
| Basic and diluted (Singapore cents)                             | 9           | <u><b>0.064</b></u>                                 | <u><b>0.22</b></u>                    |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|   |             | <b>30 June</b>       | 31 December          |
|---|-------------|----------------------|----------------------|
|   |             | <b>2022</b>          | 2021                 |
|   | <i>Note</i> | <i>S\$'000</i>       | <i>S\$'000</i>       |
|   |             | <b>(Unaudited)</b>   |                      |
| <b>ASSETS</b>   |             |                      |                      |
| <b>Non-current assets</b>                             |             |                      |                      |
| Property, plant and equipment                         |             | 2,623                | 2,999                |
| Right-of-use assets                                   |             | <u>1,501</u>         | <u>1,906</u>         |
|   |             | <u>4,124</u>         | <u>4,905</u>         |
| <b>Current assets</b>                                 |             |                      |                      |
| Trade and other receivables, deposits and prepayments | <i>11</i>   | 17,577               | 20,611               |
| Cash and cash equivalents                             |             | <u>32,377</u>        | <u>31,018</u>        |
|   |             | <u>49,954</u>        | <u>51,629</u>        |
| <b>Total assets</b>                                   |             | <u><u>54,078</u></u> | <u><u>56,534</u></u> |
| <b>EQUITY</b>   |             |                      |                      |
| Share capital   |             | 3,592                | 3,592                |
| Reserves  |             | <u>35,376</u>        | <u>34,105</u>        |
| <b>Equity attributable to owners of the Company</b>   |             | <b>38,968</b>        | 37,697               |
| Non-controlling interests                             |             | <u>(6)</u>           | <u>(5)</u>           |
| <b>Total equity</b>                                   |             | <u><u>38,962</u></u> | <u><u>37,692</u></u> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 30 June 2022*

|  |             | <b>30 June</b>       | 31 December    |
|--|-------------|----------------------|----------------|
|  |             | <b>2022</b>          | 2021           |
|  | <i>Note</i> | <i>S\$'000</i>       | <i>S\$'000</i> |
|  |             | <b>(Unaudited)</b>   |                |
| <b>LIABILITIES</b>                           |             |                      |                |
| <b>Non-current liabilities</b>               |             |                      |                |
| Borrowings                                   |             | <b>4,739</b>         | 5,734          |
| Lease liabilities                            |             | <b>441</b>           | 568            |
|  |             | <u><b>5,180</b></u>  | <u>6,302</u>   |
| <b>Current liabilities</b>                   |             |                      |                |
| Trade and other payables                     | <i>12</i>   | <b>6,402</b>         | 8,521          |
| Borrowings                                   |             | <b>1,935</b>         | 1,812          |
| Lease liabilities                            |             | <b>1,191</b>         | 1,356          |
| Income tax payable                           |             | <b>409</b>           | 851            |
|  |             | <u><b>9,937</b></u>  | <u>12,540</u>  |
| <b>Total liabilities</b>                     |             | <u><b>15,117</b></u> | <u>18,842</u>  |
| <b>Total equity and liabilities</b>          |             | <u><b>54,079</b></u> | <u>56,534</u>  |
| <b>Net current assets</b>                    |             | <u><b>40,017</b></u> | <u>39,089</u>  |
| <b>Total assets less current liabilities</b> |             | <u><b>44,141</b></u> | <u>43,994</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  |
|  | <i>SS'000</i>                                 | <i>SS'000</i> | <i>SS'000</i>    | <i>SS'000</i>  | <i>SS'000</i>    | <i>SS'000</i>                | <i>SS'000</i> | <i>SS'000</i>             | <i>SS'000</i> |
| <i>Note</i>                                      | (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             |
| <b>Total comprehensive income for the period</b> | -   | -             | -                | -              | 1,270            | 1                            | 1,271         | (1)                       | 1,270         |
| <b>Balance at 30 June 2022</b>                   | <b>3,592</b>                                  | <b>13,173</b> | <b>4,500</b>     | <b>(98)</b>    | <b>17,792</b>    | <b>9</b>                     | <b>38,968</b> | <b>(6)</b>                | <b>38,962</b> |

|  | 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  |
|  | <i>SS'000</i>                                 | <i>SS'000</i> | <i>SS'000</i>    | <i>SS'000</i>  | <i>SS'000</i>    | <i>SS'000</i>                | <i>SS'000</i> | <i>SS'000</i>             | <i>SS'000</i> |
| <i>Note</i>                                      | (Unaudited)                                   | (Unaudited)   | (Unaudited)      | (Unaudited)    | (Unaudited)      | (Unaudited)                  | (Unaudited)   | (Unaudited)               | (Unaudited)   |
| Balance at 1 January 2021                        | 3,592   | 13,173        | 4,500            | (98)           | 12,670           | 8                            | 33,845        | 29                        | 33,874        |
| Profit for the period                            | -   | -             | -                | -              | 4,328            | -                            | 4,328         | (7)                       | 4,321         |
| Other comprehensive income for the period        | -   | -             | -                | -              | -                | (3)                          | (3)           | -                         | (3)           |
| <b>Total comprehensive income for the period</b> | -   | -             | -                | -              | 4,328            | (3)                          | 4,325         | (7)                       | 4,318         |
| <b>Balance at 30 June 2021</b>                   | <b>3,592</b>                                  | <b>13,173</b> | <b>4,500</b>     | <b>(98)</b>    | <b>16,998</b>    | <b>5</b>                     | <b>38,170</b> | <b>22</b>                 | <b>38,192</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

|   | <b>Six months ended 30 June</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2022</b>                     | <b>2021</b>        |
|   | <i>S\$'000</i>                  | <i>S\$'000</i>     |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| <b>Cash flows from operating activities</b>                                     |                                 |                    |
| Cash generated from operations  | 4,796                           | 7,265              |
| Income tax paid   | <u>(1,012)</u>                  | <u>(602)</u>       |
| Net cash generated from operating activities                                    | <b>3,784</b>                    | 6,663              |
| <b>Cash flows from investing activities</b>                                     |                                 |                    |
| Purchase of property, plant and equipment                                       | (430)                           | (500)              |
| Interest received   | –                               | 15                 |
| Proceeds from disposal of financial assets at fair value through profit or loss | <u>–</u>                        | <u>1,524</u>       |
| Net cash (used in)/from investing activities                                    | <b>(430)</b>                    | 1,039              |
| <b>Cash flows from financing activities</b>                                     |                                 |                    |
| Interest paid on:   |                                 |                    |
| – Lease liabilities   | (42)                            | (31)               |
| – Other financing arrangement   | (108)                           | (93)               |
| Repayments of bank borrowings   | (1,906)                         | (1,711)            |
| Proceeds from bank borrowings   | 1,034                           | 3,919              |
| Lease payments for principal portion of lease liabilities                       | <u>(973)</u>                    | <u>(1,030)</u>     |
| Net cash (used in)/from financing activities                                    | <b>(1,995)</b>                  | 1,054              |
| <b>Net increase in cash and cash equivalents</b>                                | <u><b>1,359</b></u>             | <u>8,756</u>       |
| <b>Cash and cash equivalents at beginning of the period</b>                     | <b>31,018</b>                   | 20,091             |
| Effects of currency translation on cash and cash equivalents                    | <u>–</u>                        | <u>(1)</u>         |
| <b>Cash and cash equivalents at end of the period</b>                           | <u><b>32,377</b></u>            | <u>28,846</u>      |

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 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 2022 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 2021.

## 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 2022 for the preparation of the unaudited condensed interim financial information:

|  |  |
|--|--|
| Amendments to IFRS 3                   | Reference to the Conceptual Framework  |
| Amendments to IAS 16                   | Property, Plant and Equipment: Proceeds before Intended Use                          |
| Amendments to IAS 37                   | Onerous Contracts – Cost of Fulfilling a Contract                                    |
| Annual Improvements to IFRSs 2018-2020 | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 |

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.

### 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

|                                | <b>Six months ended 30 June</b> |                |
|--------------------------------|---------------------------------|----------------|
|                                | <b>2022</b>                     | 2021           |
|                                | <i>S\$'000</i>                  | <i>S\$'000</i> |
|                                | <b>(Unaudited)</b>              | (Unaudited)    |
| Provision of cleaning services | <b>34,272</b>                   | 35,483         |
| Sales of goods                 | <b>66</b>                       | 16             |
|                                | <u><b>34,338</b></u>            | <u>35,499</u>  |
| Timing of revenue recognition: |                                 |                |
| Over time                      | <b>34,272</b>                   | 35,483         |
| Point in time                  | <b>66</b>                       | 16             |
|                                | <u><b>34,338</b></u>            | <u>35,499</u>  |

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

|           | <b>Six months ended 30 June</b> |                |
|-----------|---------------------------------|----------------|
|           | <b>2022</b>                     | 2021           |
|           | <i>S\$'000</i>                  | <i>S\$'000</i> |
|           | <b>(Unaudited)</b>              | (Unaudited)    |
| Singapore | <b>33,473</b>                   | 34,812         |
| Thailand  | <b>865</b>                      | 687            |
|           | <u><b>34,338</b></u>            | <u>35,499</u>  |

Revenue from customers of the six months ended 30 June 2022 and 30 June 2021 contributing over 10% of the Group's revenue is as follows:

|            | <b>Six months ended 30 June</b> |                    |
|------------|---------------------------------|--------------------|
|            | <b>2022</b>                     | <b>2021</b>        |
|            | <i>S\$'000</i>                  | <i>S\$'000</i>     |
|            | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Customer A | <b>4,114</b>                    | 7,898              |

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

|           | <b>As at</b>       | <b>As at</b>       |
|-----------|--------------------|--------------------|
|           | <b>30 June</b>     | <b>31 December</b> |
|           | <b>2022</b>        | <b>2021</b>        |
|           | <i>S\$'000</i>     | <i>S\$'000</i>     |
|           | <b>(Unaudited)</b> |                    |
| Singapore | <b>4,069</b>       | 4,850              |
| Thailand  | <b>55</b>          | 55                 |
|           | <b>4,124</b>       | 4,905              |

**4 OTHER INCOME**

|                 | <b>Six months ended 30 June</b> |                    |
|-----------------|---------------------------------|--------------------|
|                 | <b>2022</b>                     | <b>2021</b>        |
|                 | <i>S\$'000</i>                  | <i>S\$'000</i>     |
|                 | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Interest income | –                               | 15                 |
| Others          | <b>13</b>                       | 80                 |
|                 | <b>13</b>                       | 95                 |

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

## 5 OTHER GAINS/(LOSSES), NET

|  | Six months ended 30 June |             |
|--|--------------------------|-------------|
|  | 2022                     | 2021        |
|  | S\$'000                  | S\$'000     |
|  | (Unaudited)              | (Unaudited) |
| Net exchange gain  | 10                       | –           |
| Gain/(loss) on disposal of property, plant and equipment | 139                      | (2)         |
|  | <u>149</u>               | <u>(2)</u>  |

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

## 6 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

|  | Six months ended 30 June |               |
|--|--------------------------|---------------|
|  | 2022                     | 2021          |
|  | S\$'000                  | S\$'000       |
|  | (Unaudited)              | (Unaudited)   |
| Salaries and other allowances                        | 18,189                   | 19,913        |
| Employer's contribution to defined contribution plan | 1,492                    | 1,734         |
| Other employee benefits                              | 213                      | 121           |
|  | <u>19,894</u>            | <u>21,768</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\$1,876,000 for the six months ended 30 June 2022 (30 June 2021: S\$3,330,000).

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 |             |
|---------------------------------------|--------------------------|-------------|
|                                       | 2022                     | 2021        |
|                                       | S\$'000                  | S\$'000     |
|                                       | (Unaudited)              | (Unaudited) |
| Loan interest                         | 80                       | 70          |
| Interest on lease liabilities         | 42                       | 31          |
| Interest on hire purchase arrangement | 28                       | 23          |
|                                       | <u>150</u>               | <u>124</u>  |

## 8 INCOME TAX EXPENSE

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2022<br>S\$'000<br>(Unaudited) | 2021<br>S\$'000<br>(Unaudited) |
| Current tax:                             |                                |                                |
| – Singapore corporate income tax (“CIT”) | <u>563</u>                     | <u>628</u>                     |
|  | <u><u>563</u></u>              | <u><u>628</u></u>              |

Singapore CIT is calculated at 17% of the estimated assessable profit for the six months ended 30 June 2022 (Six months ended 30 June 2021: 17%).

Thailand income tax is calculated at the 20% of the estimated assessable profit for the six months ended 30 June 2022 (Six months ended 30 June 2021: 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 |                     |
|---|--------------------------|---------------------|
|   | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |
| Earnings for the purpose of basic and diluted earnings per share:         |                          |                     |
| Profit for the year attributable to owners of the Company (S\$'000)       | 1,270                    | 4,328               |
| 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)                    | <u><u>0.064</u></u>      | <u><u>0.22</u></u>  |

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 years.

## 10 DIVIDENDS

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

A final dividend of S\$0.00075 per ordinary share for the year ended 31 December 2021 (2020: S\$0.0015) has been proposed by the Board. Final dividend for both years is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

## 11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                              | <b>30 June<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>S\$'000 |
|------------------------------|---|--------------------------------|
| Trade receivables            | 12,660  | 11,095                         |
| Unbilled revenue             | <u>2,685</u>  | <u>7,109</u>                   |
|                              | <b>15,345</b>                                       | 18,204                         |
| Allowance for ECL            | <u>(170)</u>  | <u>(170)</u>                   |
|                              | <u><b>15,175</b></u>                                | <u>18,034</u>                  |
| Deposits                     | 1,176   | 1,746                          |
| Prepayments                  | 307   | 269                            |
| Government grant receivables | —   | —                              |
| Other receivables            | <u>919</u>  | <u>562</u>                     |
|                              | <u><b>2,402</b></u>                                 | <u>2,577</u>                   |
| Total                        | <u><b>17,577</b></u>                                | <u><b>20,611</b></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 allowance for ECL) is as follows:

|                | <b>30 June<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>S\$'000 |
|----------------|---|--------------------------------|
| 0 to 30 days   | 8,173   | 4,851                          |
| 31 to 60 days  | 1,446   | 3,592                          |
| 61 to 90 days  | 1,485   | 1,106                          |
| 91 to 120 days | 871   | 820                            |
| Over 120 days  | <u>515</u>  | <u>556</u>                     |
|                | <u><b>12,490</b></u>                                | <u><b>10,925</b></u>           |

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 six months ended 30 June 2022, the Group recognised allowance for ECL of S\$170,000 (31 December 2021: S\$170,000).

Certain of the Group's trade receivables at 30 June 2022 and 31 December 2021 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. 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\$686,000 (31 December 2021: 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.

**(c) Prepayments**

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

**12 TRADE AND OTHER PAYABLES**

|                                   | <b>30 June<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>S\$'000 |
|-----------------------------------|---|--------------------------------|
| Trade payables                    | 1,636   | 1,776                          |
| Other payables                    | 1,152   | 1,445                          |
| Accrued expenses                  | 1,306   | 271                            |
| Accrued employee benefit expenses | 2,308   | 5,029                          |
|                                   | <u>6,402</u>  | <u>8,521</u>                   |

The ageing analysis of the Group's trade payables based on invoice dates at 30 June 2022 and 31 December 2021 were as follows:

|               | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000 |
|---------------|---|---|
| 0 to 30 days  | 937   | 900                                     |
| 31 to 60 days | 218   | 436                                     |
| 61 to 90 days | 358   | 261                                     |
| Over 90 days  | 123   | 179                                     |
|               | <u>1,636</u>  | <u>1,776</u>                            |

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

The Group has more than 25 years of experience in the environmental services industry, and with their L6-graded FM02 workhead for “Housekeeping, Cleansing, Desilting and Conservancy” services currently held by Eng Leng, the Group is able to tender for public sector service contracts of an unlimited contract value. As at 30 August 2022, Eng Leng was one of 39 registered contractors holding an L6-graded FM02 workhead among 468 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 August 2022, the Group has 294 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$42.3 million.

### **FUTURE PROSPECTS**

In 2022, the Group will continue its vision to become an integrated service provider in the environmental services industry, and to provide consistent and quality cleaning services to customers. The management and staff will remain vigilant and nimble, look ahead and make necessary adjustments to remain a market leader in the environmental services industry in Singapore. The Group will strive to further entrench and increase its market presence in the industry.

### **FINANCIAL REVIEW**

#### **Revenue**

For the six months ended 30 June 2022, the Group’s total revenue was approximately S\$34.3 million, representing a decrease of approximately 3.3% from approximately S\$35.5 million as compared with the corresponding period of 2021. This decrease was primarily due to the more challenging and competitive environment arising from the prolonged COVID-19 pandemic situation.

## **Cost of Sales**

For the six months ended 30 June 2022, the cost of sales was approximately S\$28.1 million, representing an increase of approximately 5.1% from approximately S\$26.7 million as compared with the corresponding period of 2021. Please refer to the section “Gross Profit and Gross Profit Margin” for the explanation of the increase.

## **Gross Profit and Gross Profit Margin**

Gross profit decreased from approximately S\$8.8 million for the six months ended 30 June 2021 to approximately S\$6.3 million for the six months ended 30 June 2022. The gross profit margin decreased to 18.3% for the six months ended 30 June 2022 from 24.8% for the six months ended 30 June 2021, which was primarily due to the increase in labour-related expenses and the cessation in receipts of certain one-off government grants from the Singapore government to assist Singapore businesses in coping against the economic uncertainty due to COVID-19. For the six months ended 30 June 2021, the Group has recognised approximately S\$1.6 million of one-off government grants in total (30 June 2022: nil).

## **Other Expenses**

### *Administrative Expenses*

Administrative expenses increased from approximately S\$3.8 million for the six months ended 30 June 2021 to approximately S\$4.5 million for the six months ended 30 June 2022, primarily due to the higher employee benefit expenses and professional fees incurred for the resumption of trading.

## **Finance Costs**

Finance costs increased from approximately S\$124,000 for the six months ended 30 June 2021 to S\$150,000 for the six months ended 30 June 2022, primarily due to the Group’s increased 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 2022 was approximately S\$563,000 and 30.7% respectively, as compared with S\$628,000 and 12.7% during the corresponding period of 2021. Such increase in effective tax rate was mainly attributable to higher non-deductible expenses and the cessation of receipts of certain one-off government grants that were not subject to corporate income tax.

## **Profit after tax for the six months ended 30 June 2022**

As a result of the above factors, the net profit of the Group was approximately S\$1.3 million for the six months ended 30 June 2022, a decrease of approximately 70.6% as compared with S\$4.3 million for the six months ended 30 June 2021.

## **Liquidity and Capital Resources**

As at 30 June 2022, the current assets of the Group amounted to approximately S\$50.0 million, including cash and cash equivalents of approximately S\$32.4 million and trade and other receivables, deposits and prepayments of approximately S\$17.6 million. Current liabilities of the Group amounted to approximately S\$9.9 million, including trade and other payables of approximately S\$6.4 million and other current tax liabilities of approximately S\$0.4 million. As at 30 June 2022, the current ratio (the current assets to current liabilities ratio) of the Group was 5.0, as compared with 4.1 as at 31 December 2021.

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 2022. Thus, the net debt to equity ratio was not applicable (31 December 2021: N/A).

## **Capital Expenditures**

Save as disclosed in this announcement, there were no other significant capital expenditure incurred during the six months ended 30 June 2022.

## **Contingent Liabilities**

The Group had no material contingent liabilities as at 30 June 2022.

## **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 announcement, the Group did not have plans for material investments and capital assets as at 30 June 2022.

## **Significant Investments, Acquisitions and Disposals**

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets during the six months ended 30 June 2022.

## **Foreign Exchange Risk Management**

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

## **Events after the Reporting Period**

Up to the date of this announcement, 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). 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.

Set out below are the details of the allocation of the Net Proceeds, the utilised and unutilised amounts of the Net Proceeds as at 30 June 2022:

|   | Approximate<br>percentage of<br>total amounts | Actual Net<br>Proceeds<br>S\$'000 | Utilised<br>amounts as at<br>30 June 2022<br>S\$'000 | Unutilised<br>amounts as at<br>30 June 2022<br>S\$'000 | Estimated<br>completion of<br>utilisation |
|---|---|-----------------------------------|--|--|---|
| Acquisition of landscaping company              | 15.0%   | 1,774                             | –  | 1,774  | 31 Dec 2023                               |
| Purchase of waste disposal equipment            | 21.3%   | 2,520                             | 150  | 2,370  | 31 Dec 2023                               |
| Hiring of waste disposal staff                  | 20.7%   | 2,446                             | 381  | 2,065  | 31 Dec 2023                               |
| Cash flow mismatch                              | 20.6%   | 2,436                             | 2,436  | –  | N/A                                       |
| Hiring of sales and marketing staff             | 1.4%  | 166                               | 98   | 68   | 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 2023                               |
| Leasing of automated machinery and<br>equipment | 6.1%  | 721                               | 155  | 566  | 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>4,442</b>   | <b>7,383</b>   |   |

## EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2022, the Group had approximately 1,596 employees (2,475 as at 31 December 2021). The Company's employees (including foreign workers) are remunerated according to their work skills, job scope, responsibilities and performance. Employees are also entitled to a discretionary bonus depending on their respective performances. The duration for which foreign workers are typically employed depends on the period specified in their work permits, and their employment with the 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.

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 2022.

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2022 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 announcement.

## **PUBLIC FLOAT**

As at the date of this announcement, 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.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.hygieiagroup.com/>). The interim report for the six months ended 30 June 2022 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

### **DEFINITIONS**

|                   |  |
|-------------------|--|
| “Audit Committee” | the audit committee of the Board   |
| “Board”           | the board of directors of the Company from time to time  |
| “CG Code”         | the Corporate Governance Code as set out in Appendix 14 to the Listing Rules   |
| “Clean Mark”      | the Clean Mark Accreditation Scheme, a scheme developed by, amongst others, NEA that recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices  |
| “Company”         | Hygieia Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019  |
| “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   |
| “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 2022   |
| “Share Offer”                 | the Public Offer (as defined in the Prospectus) and the Placing (as defined in the Prospectus)  |
| “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 |
| “S\$” or “SGD”         | Singapore dollars, the lawful currency of Singapore    |
| “Thailand”             | the Kingdom of Thailand                                |
| “%”                    | per cent   |

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

Singapore, 31 August 2022

*As at the date of this announcement, the executive Directors are Mr. Toh Eng Kui, Mr. Hong Rui Sheng, Mr. Peh Poon Chew and Ms. Toh Lek Siew, the independent non-executive Directors are Mr. Koh How Thim, Mr. Tan Wu Hao and Mr. Wong Yuk.*