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HYGIEIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1650)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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 annual results and the audited annual consolidated financial information of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020. The results have been reviewed by the Audit Committee (the “**Audit Committee**”) and were approved by the Board on 30 June 2022.

FINANCIAL HIGHLIGHTS

- The audited revenue of the Group for the year ended 31 December 2021 amounted to approximately S\$71.6 million, representing a decrease of approximately of S\$1.0 million or 1.4% as compared with the revenue of approximately S\$72.6 million for the year ended 31 December 2020.
- The audited profit after tax of the Group for the year ended 31 December 2021 was approximately S\$5.1 million, which represented a decrease of approximately S\$3.7 million or 41.9% as compared to the audited profit after tax of approximately S\$8.8 million for the year ended 31 December 2020.
- Basic and diluted earnings per share was S\$0.0026 for the year ended 31 December 2021 as compared to basic and diluted earnings per share of S\$0.005 for the year ended 31 December 2020.
- The Board has proposed to pay a final dividend of S\$0.00075 per share for the year ended 31 December 2021.

**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 December 2021

	<i>Note</i>	2021 S\$'000	2020 S\$'000
Revenue	3	71,605	72,611
Cost of sales	9	<u>(57,155)</u>	<u>(50,456)</u>
Gross profit		14,450	22,155
Other income	4	2	69
Other gains/(losses), net	5	209	(180)
Administrative expenses	9	(8,514)	(10,940)
Listing expenses	9	<u>–</u>	<u>(1,550)</u>
Operating profit		6,147	9,554
Finance costs	7	<u>(267)</u>	<u>(421)</u>
Profit before income tax		5,880	9,133
Income tax expense	8	<u>(774)</u>	<u>(351)</u>
Profit for the year		<u>5,106</u>	<u>8,782</u>
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>2</u>	<u>7</u>
Other comprehensive income for the year, net of income tax		<u>2</u>	<u>7</u>
Total comprehensive income for the year		<u>5,108</u>	<u>8,789</u>

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

Year ended 31 December 2021

	<i>Note</i>	2021 S\$'000	2020 <i>S\$'000</i>
Profit for the year attributable to:			
Owners of the Company		5,145	8,798
Non-controlling interest		<u>(39)</u>	<u>(16)</u>
		<u>5,106</u>	<u>8,782</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		5,146	8,802
Non-controlling interest		<u>(38)</u>	<u>(13)</u>
		<u>5,108</u>	<u>8,789</u>
Earnings per share			
Basic and diluted (Singapore cents)	<i>10</i>	<u>0.26</u>	<u>0.50</u>

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,999	3,106
Right-of-use assets		<u>1,906</u>	<u>1,269</u>
		<u>4,905</u>	<u>4,375</u>
Current assets			
Financial assets at fair value through profit or loss		–	2,542
Trade and other receivables, deposits and prepayments	12	20,611	23,151
Cash and cash equivalents		<u>31,018</u>	<u>20,091</u>
		<u>51,629</u>	<u>45,784</u>
Total assets		<u><u>56,534</u></u>	<u><u>50,159</u></u>
EQUITY			
Share capital		3,592	3,592
Reserves		<u>34,105</u>	<u>28,959</u>
Equity attributable to owners of the Company		<u>37,697</u>	<u>32,551</u>
Non-controlling interests		<u>(5)</u>	<u>33</u>
Total equity		<u><u>37,692</u></u>	<u><u>32,584</u></u>

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2021*

	<i>Note</i>	2021 S\$'000	2020 S\$'000
LIABILITIES			
Non-current liabilities			
Borrowings		5,734	4,553
Lease liabilities		568	168
		6,302	4,721
Current liabilities			
Trade and other payables	<i>13</i>	8,521	9,236
Borrowings		1,812	1,615
Lease liabilities		1,356	1,109
Income tax payable		851	894
		12,540	12,854
Total liabilities		18,842	17,575
Total equity and liabilities		56,534	50,159
Net current assets		39,089	32,930
Total assets less current liabilities		43,994	37,305

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

2 APPLICATION OF NEW AND AMENDMENTS TO 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 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

New and amendments to IFRSs in issued but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

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

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Provision of cleaning services	71,580	72,593
Sales of goods	<u>25</u>	<u>18</u>
	<u>71,605</u>	<u>72,611</u>
Timing of revenue recognition:		
Over time	71,580	72,593
Point in time	<u>25</u>	<u>18</u>
	<u>71,605</u>	<u>72,611</u>

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

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Singapore	70,347	71,144
Thailand	<u>1,258</u>	<u>1,467</u>
	<u>71,605</u>	<u>72,611</u>

Revenue from customers of the years ended 31 December 2021 and 31 December 2020 contributing over 10% of the Group's revenue is as follows:

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Customer A	<u>16,942</u>	<u>16,293</u>

(b) Non-current assets by geographical location

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Singapore	4,850	4,325
Thailand	<u>55</u>	<u>50</u>
	<u>4,905</u>	<u>4,375</u>

4 OTHER INCOME

	2021 S\$'000	2020 S\$'000
Interest income	*	67
Others	<u>2</u>	<u>2</u>
	<u>2</u>	<u>69</u>

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

5 OTHER GAINS/(LOSSES), NET

	2021 S\$'000	2020 S\$'000
Net exchange loss	(25)	(180)
Gain on disposal of financial assets at fair value through profit or loss	228	—
Gain on disposal of property, plant and equipment	8	*
Loss on written off of property, plant and equipment	<u>(2)</u>	<u>—</u>
	<u>209</u>	<u>(180)</u>

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

6 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 S\$'000	2020 S\$'000
Salaries and other allowances	43,231	37,473
Employer's contribution to defined contribution plan	3,607	3,605
Other employee benefits	<u>703</u>	<u>819</u>
	<u>47,541</u>	<u>41,897</u>

Included in employee benefit expenses are government grants on employment credit and the Job Support Scheme provided by the Singapore government which has been netted off against the wages and salaries amounting to S\$4,788,000 for the year ended 31 December 2021 (2020: S\$12,204,000). The grant income related to Job Support Scheme is recognised on a systematic basis over the estimated period in which the Group recognises the related salary costs.

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

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

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Cost of sales	43,078	37,194
Administrative expenses	4,463	4,703
	<u>47,541</u>	<u>41,897</u>

7 FINANCE COSTS

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Loan interest	160	332
Interest on lease liabilities	61	41
Interest on hire purchase arrangement	46	48
	<u>267</u>	<u>421</u>

8 INCOME TAX EXPENSE

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Current tax:		
– Singapore corporate income tax (“CIT”)	835	633
Overprovision in prior years	(61)	(8)
Deferred tax	–	(274)
	<u>774</u>	<u>351</u>

Singapore CIT is calculated at 17% of the estimated assessable profit for the year ended 31 December 2021 (2020: 17%).

Thailand income tax is calculated at the 20% of the estimated assessable profit for the year ended 31 December 2021 (2020: 20%).

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

9 EXPENSES BY NATURE

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Auditor's remuneration	560	270
Employee benefit expenses (including directors' emoluments) (<i>Note 6</i>)	47,541	41,897
Purchase of supplies	1,883	2,106
Subcontractor charges	5,307	5,359
Foreign worker levies and fees	3,540	2,672
Allowance for expected credit loss ("ECL") on trade receivables (reversed)/recognised	(275)	445
Depreciation of property, plant and equipment	1,156	1,166
Depreciation of right-of-use assets	1,713	1,664
Legal and professional fees	1,118	2,196
Listing expenses	–	1,550
Repair and maintenance	391	685
Rental of low-value equipment	60	46
Rental of workers' accommodation under short-term leases	375	438
Others	2,300	2,452
	<u>65,669</u>	<u>62,946</u>

10 EARNINGS PER SHARE

	2021	2020
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company (<i>S\$'000</i>)	5,145	8,798
Number of shares for the purpose of basic and diluted earnings per share:		
Weighted average number of ordinary shares in issue (<i>'000</i>)	2,000,000	1,748,634
Basic and diluted earnings per share (Singapore cents)	<u>0.26</u>	<u>0.50</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.

11 DIVIDENDS

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

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

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
<i>Ordinary dividends</i>		
Dividends declared and paid during the year	<u>–</u>	<u>4,500</u>

Subsequent to the end of the reporting period, 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 year is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
Trade receivables	11,095	13,292
Unbilled revenue	7,109	6,819
	<u>18,204</u>	<u>20,111</u>
Allowance for ECL	(170)	(445)
	<u>18,034</u>	<u>19,666</u>
Deposits	1,746	1,652
Prepayments	269	572
Government grant receivables	–	1,061
Other receivables	562	200
	<u>2,577</u>	<u>3,485</u>
Total	<u><u>20,611</u></u>	<u><u>23,151</u></u>

(a) Trade receivables

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

	2021 <i>S\$'000</i>	2020 <i>S\$'000</i>
0 to 30 days	4,851	5,071
31 to 60 days	3,592	2,961
61 to 90 days	1,106	1,780
91 to 120 days	820	1,155
Over 120 days	556	1,880
	<u>10,925</u>	<u>12,847</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 year ended 31 December 2021, the Group recognised allowance for ECL of S\$170,000 (2020: S\$445,000).

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

(b) Deposits and other receivables

Included in deposits is an amount of S\$1,321,000 (2020: S\$1,321,000) related to security deposit placed with insurance companies to support the issuance of performance bonds to satisfy any liquidated or other damages as may become due to customers of the Group. Other deposits mainly represent rental deposits for workers' accommodation, utilities and tendering.

Government grant receivables related to Job Support Scheme provided by the Singapore government announced in the Unity Budget and Resilience Budget on 18 February 2020 and 26 March 2020 respectively, which have been received during the year ended 31 December 2021.

(c) Prepayments

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

Prepaid asset management fee was refunded during the year ended 31 December 2021 upon termination of the discretionary investment management agreement.

13 TRADE AND OTHER PAYABLES

	2021	2020
	S\$'000	S\$'000
Trade payables	1,776	1,429
Other payables	1,445	1,246
Deferred government grant income	–	1,361
Amount due to a shareholder	–	83
Accrued expenses	271	465
Accrued subcontractor charges	–	25
Accrued employee benefit expenses	5,029	4,627
	<u>8,521</u>	<u>9,236</u>

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

	2021	2020
	<i>S\$'000</i>	<i>S\$'000</i>
0 to 30 days	900	575
31 to 60 days	436	392
61 to 90 days	261	306
Over 90 days	179	156
	<u>1,776</u>	<u>1,429</u>

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

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract from the independent auditors’ report on the Group’s consolidated financial statements for the year ended 31 December 2021:

QUALIFIED OPINION

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Corresponding figures – financial assets at fair value through profit or loss

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

As detailed in our auditor’s report dated 29 April 2022, we were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance and business rationale of the IMA and of the payment transactions that led to the recognition of the AFS as financial asset at fair value through profit or loss, investment management fee expense in relation to the IMA and prepaid investment

management fee in the consolidated financial statements of the Group for the year ended 31 December 2020, and whether the transactions and arrangements involved parties which were related to the Group or its related parties. We were also unable to obtain sufficient appropriate audit evidence regarding the fair values of the AFS at the time of subscription and at 31 December 2020. Consequently, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether fair value change in respect of the AFS was required to be recognised in consolidated profit or loss for the year ended 31 December 2020. Accordingly, we issued a disclaimer of opinion on the consolidated financial statement of the Group for the year ended 31 December 2020. The corresponding figures of abovementioned transactions and balances presented or disclosed in the consolidated financial statements of the Group for the year ended 31 December 2021 may not be comparable with the current year's figures.

Corresponding figures – professional and consultancy services fee expense

Included in professional and consultancy services fee expense recognised in consolidated profit or loss for the year ended 31 December 2020 are professional and consultancy services fees of S\$1,759,000 (equivalent to HK\$9,775,000) paid by the Group to certain service providers during the year ended 31 December 2020 (the “**Professional Fees**”).

As detailed in our auditor's report dated 29 April 2022, we issued a disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 December 2020 relating to recognition of the Professional Fees as we were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance, business rationale and classification of the payment transactions that led to the recognition of the Professional Fees by the Group as professional and consultancy services fee expense in consolidated profit or loss for the year ended 31 December 2020. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the Professional Fees recognised as professional and consultancy services fee expense in consolidated profit or loss for the year ended 31 December 2020 were free from material misstatement. Any adjustments that might have been found necessary may have a significant effect on the consolidated financial performance and consolidated cash flows of the Group for the year ended 31 December 2020, including the classification and related disclosure thereof in the consolidated financial statements. As a result, the corresponding figures of professional and consultancy services fee expense presented or disclosed in the consolidated financial statements of the Group for the year ended 31 December 2021 may not be comparable with the current year's figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 29 June 2022, Eng Leng was one of 39 registered contractors holding an L6-graded FM02 workhead among 458 contractors registered with the FM02 workhead. The Group has a quality management system accredited by their ISO 9001:2015 certification for the provision of cleaning and housekeeping services, and the Group has been recognised by the NEA through a Clean Mark Silver award for delivering high cleaning standards.

As at 30 June 2022, the Group has 278 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$43.7 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 year ended 31 December 2021, the Group’s total revenue was approximately S\$71.6 million, representing a decrease of approximately 1.4% from approximately S\$72.6 million as compared with the year ended 2020. This decrease was primarily due to the more challenging and competitive environment arising from the prolonged COVID-19 pandemic situation.

Cost of Sales

For the year ended 31 December 2021, the cost of sales was approximately S\$57.2 million, representing an increase of approximately 13.3% from approximately S\$50.5 million as compared with the year ended 31 December 2020. Please refer to the section “Gross Profit and Gross Profit Margin” for the explanation of the increase.

Gross Profit and Gross Profit Margin

Gross profit decreased from approximately S\$22.2 million for the year ended 31 December 2020 to approximately S\$14.5 million for the year ended 31 December 2021. The gross profit margin decreased to 20.2% for the year ended 31 December 2021 from 30.5% for the year ended 31 December 2020, which was primarily due to a decline in receipts of certain one-off government grants from the Singapore government in 2020 to assist Singapore businesses in coping against the economic uncertainty due to COVID-19. For the year ended 31 December 2021, the Group has recognised approximately S\$2.1 million of one-off government grants in total (31 December 2020: S\$9.8 million).

Other Expenses

Administrative and Listing Expenses

Administrative and Listing expenses decreased from approximately S\$12.5 million for the year ended 31 December 2020 to approximately S\$8.5 million for the year ended 31 December 2021, primarily due to the decreased professional fees incurred post-listing.

Finance Costs

Finance costs decreased from approximately S\$0.4 million for the year ended 31 December 2020 to S\$0.3 million for the year ended 31 December 2021, primarily due to the Group’s reduced utilisation of short-term financing during FY2021.

Income Tax Expense

The income tax expense and effective tax rate for the year ended 31 December 2021 was approximately S\$0.7 million and 13.2% respectively, as compared with S\$0.4 million and 3.8% during the year ended 31 December 2020. Such increase was mainly attributable to lower receipts of certain one-off government grants that were not subject to corporate income tax during the Reporting Period.

Profit after tax for the year ended 31 December 2021

As a result of the above factors, the net profit of the Group was approximately S\$5.1 million for the year ended 31 December 2021, a decrease of approximately 41.9% as compared with S\$8.8 million for the year ended 31 December 2020.

Liquidity and Capital Resources

As at 31 December 2021, the current assets of the Group amounted to approximately S\$51.6 million, including cash and cash equivalents of approximately S\$31.0 million and trade and other receivables, deposits and prepayments of approximately S\$20.6 million. Current liabilities of the Group amounted to approximately S\$12.5 million, including trade and other payables of approximately S\$8.5 million and other current tax liabilities of approximately S\$0.9 million. As at 31 December 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 4.1, as compared with 3.6 as at 31 December 2020.

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

Capital Expenditures

Save as disclosed in this announcement, there were no other significant capital expenditure incurred during the year ended 31 December 2021.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2021.

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 31 December 2021.

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 year ended 31 December 2021.

Foreign Exchange Risk Management

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

Events after the Reporting Period

Up to the date of this 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 31 December 2021:

	Approximate percentage of total amounts	Actual Net Proceeds S\$'000	Utilised amounts as at 31 December 2021 S\$'000	Unutilised amounts as at 31 December 2021 S\$'000	Estimated completion of utilisation
Acquisition of landscaping company	15.0%	1,774	–	1,774	31 Dec 2023
Purchase of waste disposal equipment	21.3%	2,520	150	2,370	31 Dec 2023
Hiring of waste disposal staff	20.7%	2,446	285	2,161	31 Dec 2023
Cash flow mismatch	20.6%	2,436	2,436	–	N/A
Hiring of sales and marketing staff	1.4%	166	70	96	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 equipment	6.1%	721	98	623	31 Dec 2023
General working capital	10.0%	1,182	1,182	–	N/A
Total	100%	11,825	4,261	7,564	

EMPLOYEE REMUNERATION AND RELATIONS

As at 31 December 2021, the Group had approximately 2,475 employees (2,553 as at 31 December 2020). 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 also adopted the Model Code as its code of conduct regarding securities transactions by the Directors in January 2022.

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 year ended 31 December 2021.

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 audited consolidated annual results for the year ended 31 December 2021 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

The annual results for the year ended 31 December 2021 have been prepared in accordance with IFRSs.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2021, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 and the related notes thereto as set out in this announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by the Company’s auditor, HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

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 year ended 31 December 2021.

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.

COMPLIANCE ADVISER’S INTERESTS

As informed by the Company’s compliance adviser, Fortune Financial Capital Limited (the “**Compliance Adviser**”), as at 31 December 2021, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 14 May 2019, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Group, which is required to be notified to the Group pursuant to the Listing Rules.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.hygieiagroup.com/>). The annual report for the year ended 31 December 2021 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.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended until the Company fulfils the resumption guidance set out in two letters from the Stock Exchange dated 22 April 2021 and 24 May 2022 (the “**Resumption Guidance**”). The Company will publish further announcement(s) to inform the shareholders of the Company of its progress in complying with the Resumption Guidance as and when appropriate, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

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 year ended 31 December 2021
“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, 30 June 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.