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HYGIEIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1650)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 unaudited annual consolidated financial information of the Group for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019. For the reasons explained in the paragraph headed “Discretionary Investment Management Agreement” and “Further Announcements” in this announcement, the audit process for the annual results of the Group for the year ended 31 December 2020 has not been completed as at the date of this announcement.

FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group for the year ended 31 December 2020 amounted to approximately S\$72.6 million, representing a decrease of approximately of 4.9% as compared with the revenue of approximately S\$76.3 million for the year ended 31 December 2019.
- The unaudited profit after tax of the Group for the year ended 31 December 2020 was approximately S\$10.1 million, which represented an increase of approximately 279.5% as compared to the audited profit after tax of approximately S\$2.7 million for the year ended 31 December 2019.
- Basic and diluted earnings per share was S\$0.006 for the year ended 31 December 2020 as compared to basic and diluted earnings per share of S\$0.002 cents for the year ended 31 December 2019.
- The Board has proposed to pay a final dividend of S\$0.0015 per share for the year ended 31 December 2020.

ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	2020 S\$'000	2019 <i>S\$000</i>
Revenue	3	72,611	76,374
Cost of sales	6	(49,695)	(62,385)
Gross profit		22,916	13,989
Other income	4	69	19
Other gains, net	5	(180)	25
Administrative expenses	6	(12,048)	(9,562)
Operating profit		10,757	4,471
Finance costs	7	(421)	(682)
Profit before income tax		10,336	3,789
Income tax expense	8	(265)	(1,135)
Profit for the year		10,071	2,654
Profit attributable to:			
Owners of the Company		10,091	2,638
Non-controlling interest		(20)	16
		10,071	2,654
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (expressed in Singapore cents per share)	9	0.006	0.002
Other comprehensive income:			
<i>Item that have been or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		—	1
<i>Item that have not been or may not be subsequently reclassified to profit or loss</i>			
Currency translation differences		8	*
Other comprehensive income for the year		8	1
Total comprehensive income for the year		10,079	2,654
Total comprehensive income attributable to:			
Owners of the Company		10,096	2,638
Non-controlling interest		(17)	16
		10,079	2,654

* Represents amount less than S\$1,000

ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<i>Note</i>	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,106	3,636
Right-of-use assets		2,030	865
Deferred income tax assets		151	—
		<u>5,287</u>	<u>4,501</u>
Current assets			
Financial assets at fair value through profit or loss		1,434	—
Trade and other receivables, deposits and prepayments	<i>11</i>	24,702	19,255
Cash and cash equivalents		20,091	12,549
		<u>46,227</u>	<u>31,804</u>
Total assets		<u>51,514</u>	<u>36,305</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>12</i>	3,592	*
Share premium		13,173	—
Capital reserves	<i>13</i>	4,500	4,500
Other reserves	<i>13</i>	(98)	(98)
Currency translation reserve		8	3
Retained profits		12,670	7,079
		<u>33,845</u>	<u>11,484</u>
Non-controlling interests		29	46
Total equity		<u>33,874</u>	<u>11,530</u>

	<i>Note</i>	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>14</i>	4,553	906
Lease liabilities		168	23
Deferred income tax liabilities		—	274
		4,721	1,203
Current liabilities			
Trade and other payables	<i>15</i>	9,250	9,072
Borrowings	<i>14</i>	1,615	12,568
Lease liabilities		1,109	856
Current income tax liabilities		945	1,076
		12,919	23,572
Total equity and liabilities		51,514	36,305

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 its registered office is at Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the provision of cleaning services. The 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 on 3 July 2020.

These consolidated financial statements are presented in thousands of Singapore Dollars (“S\$’000”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with International Financial Reporting Standards and Hong Kong Companies Ordinance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) issued by the IASB and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) which are carried at fair values.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing 1 January 2020:

- Covid-19-Related Rent Concessions — amendments to IFRS 16
- Interest Rate Benchmark Reform — amendments to IFRS 9, IAS 39 and IFRS 7
- Definition of Material — amendments to IAS 1 and IAS 8
- Definition of a Business — amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Annual Improvements to IFRS Standards 2018–2020 Cycle.

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 16. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transaction.

3 REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

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

The Group's revenue by geographical location as follows:

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

4 OTHER INCOME

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

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

5 OTHER GAINS, NET

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

6 EXPENSES BY NATURE

	2020 S\$'000	2019 S\$'000
Employee benefit expenses	41,897	49,128
Purchase of supplies	2,106	2,604
Subcontractor charges	5,359	4,881
Outsourced labour	—	96
Depreciation of property, plant and equipment	1,166	1,276
Depreciation of right-of-use assets	902	1,653
Advertisements and sponsorships	127	145
Bank fees and charges	62	27
Foreign worker levies and fees	2,672	5,933
Listing expenses	1,550	3,473
Insurance premiums	498	326
IT expenses	535	138
Legal and professional fees	2,376	165
Repair and maintenance	685	671
Telecommunication expenses	34	40
Transportation and travelling expenses	98	100
Utility expenses	203	173
Entertainment expense	144	233
Rental of equipment	46	26
Rental of workers' accommodation under short-term lease	438	294
Others	845	565
	<u>61,743</u>	<u>71,947</u>

7 FINANCE COSTS

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

8 INCOME TAX EXPENSE

	2020 S\$'000	2019 S\$'000
Current income tax		
— Singapore	690	1,134
Deferred income tax	(425)	1
	<u>265</u>	<u>1,135</u>

Singapore income tax has been provided at the rate of 17% on the estimated assessable profit during the reporting period.

The tax on the Group's profit before income tax differs from the theoretical amount as follows:

	2020 S\$'000	2019 S\$'000
Profit before income tax	<u>10,336</u>	<u>3,789</u>
Tax calculated at tax rate of 17%	1,757	644
Statutory stepped income exemption (<i>Note (ii)</i>)	(35)	(35)
Income not subject to tax	—	—
Expenses not deductible for tax purposes	481	669
Tax savings from government schemes (<i>Note (i)</i>)	<u>(1,531)</u>	<u>(143)</u>
	<u>690</u>	<u>1,135</u>

Notes:

- (i) Tax savings from government schemes relate to the Jobs Support Scheme (“JSS”) and Productivity and Innovation Credit Scheme (PIC) which allows entities to claim 400% tax deduction on qualifying expenditures. Under the JSS, all the grant income recognised are exempted from corporate tax. Under the PIC, the Group is entitled to enjoy 300% additional tax deduction for the qualifying expenditures incurred per Year of Assessment (“YA”), including acquisition or leasing of IT and automation equipment and training of employee, up to YA 2018. The actual amounts claimed in each of the financial years were capped at a certain level pursuant to the PIC scheme, and the utilised amounts can be carried forward for offsetting against future taxable profits with no expiry date. The enhanced capital allowance in relation to acquisition of IT and automation equipment allowed under each YA amounted to S\$0.4 million and S\$0.8 million, respectively for the financial years ended 31 December 2020 and 2019. Remaining amounts of the tax savings represent corporate income tax rebates granted to the Singapore incorporated entities by the tax authority of Singapore.
- (ii) Statutory stepped income exemption relates to tax exemption of 75% the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$190,000 of chargeable income during the reporting period.

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019.

	2020	2019
Profit attributable to owners of the Company (<i>S\$'000</i>)	<u>10,091</u>	<u>2,638</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>thousands</i>)	<u>1,748,634</u>	<u>1,500,000</u>
Basic and diluted earnings per share (<i>Singapore cents</i>)	<u>0.006</u>	<u>0.002</u>

No diluted earnings per share is presented as there was no potential dilutive shares during the years ended 31 December 2020 and 2019. Diluted earnings per share is equal to the basic earnings per share.

10 DIVIDENDS

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

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

Subsequent to the end of the reporting period, a final dividend of S\$0.0015 per ordinary share, in an aggregate amount of S\$3,000,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 S\$'000	2019 S\$'000
Trade receivables	13,292	12,520
Unbilled revenue	6,819	3,745
	<u>20,111</u>	<u>16,265</u>
Deposits	1,652	1,810
Prepayments	572	179
Other receivable from:		
— Non related party	2,367	77
Prepayments for expenses incurred in relation to the Company's Listing	—	924
	<u>4,591</u>	<u>2,990</u>

(a) Trade receivables

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables, based on invoice date, is as follows:

	2020 S\$'000	2019 S\$'000
Less than 30 days	5,073	7,101
31 days to 60 days	2,961	3,198
61 days to 90 days	1,781	1,574
91 days to 120 days	1,203	511
Over 120 days	2,274	136
	<u>13,292</u>	<u>12,520</u>

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of trade receivables approximate their fair values as at 31 December 2020 and 2019.

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. The Group has not incurred any credit loss from trade receivables during the years ended 31 December 2020 and 2019.

For the years ended 31 December 2020 and 2019, no other impairment loss was recognised at its initial recognition. The Group has assessed expected credit loss by grouping the receivables based on shared credit risk characteristics.

Accordingly, the Group is of the view that the expected credit loss rate to be consistent throughout the reporting period, by taking into consideration of the track record of regular repayment of receivables from the customers over time and also the outlook of economic environment from the perspective of each financial year. The Group's carrying amount of trade receivables has not been subject for impairment subsequent to a debt recovery assessment performance at the end of reporting date. The Group assessed that there were no significant change in the actual credit loss rate over the reporting period.

Certain of the Group's trade receivables as at 31 December 2020 and 2019 were factored to banks on a recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the trade receivables and has recognised the cash received on the transfer as secured accounts financing loans (Note 14). These financial assets were carried at amortised cost in the Group's consolidated statements of financial position.

(b) Other receivables and deposits

As at 31 December 2020 and 2019, the carrying amounts of the other receivables and deposits are denominated in S\$ and approximate their fair values. Other receivables from related parties are non-trade nature, unsecured, interest-free and repayable on demand.

12 SHARE CAPITAL

	Number of shares	Share Capital HK\$'000
Ordinary shares, issued and fully paid:		
Ordinary shares of HK\$0.01 each as at 31 December 2019	1	*
Share capitalisation	1,499,999,999	15,000
Issuance of shares pursuant to the Share offer	500,000,000	5,000
	<hr/>	<hr/>
Ordinary shares of HK\$0.01 each as at 31 December 2020	<u>2,000,000,000</u>	<u>20,000</u>

13 RESERVES

(a) Capital surplus

Under the Cayman Companies Act, certain portion of the consideration from the issuance of share capital shall be credited to the share capital and the remaining of the consideration shall be credited to capital surplus.

(b) Capital reserve

Capital reserve represents the difference between the value of net assets of the subsidiary acquired by the Company and the share capitals in acquired subsidiaries under common control.

(c) Legal reserve

The Cayman Companies Act provides that a 10% dividend paid during the year shall be appropriated as legal reserve (a component of either capital surplus or retained earnings) until an aggregate amount of legal capital reserve and retained earnings equals 25% of share capital. The legal reserve may be used to reduce a deficit or transfer to share capital upon approval of the general meeting of shareholders.

(d) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of financial assets through other comprehensive income held at the end of the reporting period.

14. BORROWINGS

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

As at 31 December 2020 and 2019, the Group's borrowings were repayable as follows:

	2020 S\$'000	2019 S\$'000
Within 1 year	1,615	12,568
Between 1 and 2 years	1,263	444
Between 2 and 5 years	3,290	462
	<u><u>6,168</u></u>	<u><u>13,474</u></u>

(a) Trade receivables financing and term loan

(i) Trade receivables financing

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

As at 31 December 2020 and 2019, trade receivables financing amounted to S\$273,000 and S\$11,842,000 were secured by the Group's pledged trade receivables.

(ii) Term loan

Included in the borrowings is a 5-year secured term loan of S\$5,000,000 which is repayable over 60 monthly instalments commencing in December 2020. The term loan bears an interest rate at 2.0% per annum.

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

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

The above banking facilities are secured by the following:

- (i) 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 from Hygieia Group Limited.

(b) Hire purchase

The Group's certain cleaning equipment, motor vehicles and office equipment are under hire purchase arrangements with financial institutions. During the year ended 31 December 2020, the weighted average effective interest rate of the hire loan is approximately 3.84% (2019: 4.73%). The legal titles of these assets are transferred to the Group after payment of all instalments by the Group.

15. TRADE AND OTHER PAYABLES

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Trade payables		
— Third parties	1,429	1,836
	<u>1,429</u>	<u>1,836</u>
Other payables		
— Third parties	1,246	1,424
— Amount due to a shareholder	83	79
— Accruals	1,840	127
— Accruals for subcontractor charges	25	44
— Accruals for employee benefit expenses	4,627	4,049
— Accruals for Listing expenses	—	1,513
	<u>7,821</u>	<u>7,236</u>
Total trade and other payables	<u>9,250</u>	<u>9,072</u>

The carrying amounts of trade payables approximate their fair values as at 31 December 2020 and 2019. Other payables to related parties are non-trade nature, unsecured, interest-free and repayable on demand.

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

	2020 <i>S\$'000</i>	2019 <i>S\$'000</i>
Less than 30 days	575	852
31–60 days	392	555
61–90 days	306	257
Over 90 days	156	172
	<hr/> 1,429 <hr/>	<hr/> 1,836 <hr/>

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

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 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 28 March 2021, Eng Leng was one of 33 registered contractors holding an L6-graded FM02 workhead among 433 contractors registered with the FM02 workhead. The Group has a quality management system accredited by their ISO 9001:2015 certification for the provision of cleaning and housekeeping services, and the Group has been recognised by the NEA through a Clean Mark Silver award for delivering high cleaning standards.

As at 31 December 2020, the Group has 245 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$62.8 million.

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

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

the Continued Operation Plans for both Eng Leng and Titan, which allowed the Group to continue their operations during the Circuit Breaker Period. Given that both Eng Leng and Titan had been permitted to operate throughout the Circuit Breaker Period, the Group has continued with their cleaning operations since the implementation of Phase 1. As such, since 7 April 2020, the Group has continued with their cleaning operations as listed in their Continued Operation Plans under both their private and public service contracts, with safe distancing measures in place.

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

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

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

FUTURE PROSPECTS

In 2021, the Group will continue to move forward following its positive development trend in the year ended 31 December 2020. The management and staff will remain vigilant and nimble, look ahead and make necessary adjustments to remain a market leader in the environmental services industry in Singapore. The Group will strive to further entrench and increase its market presence in the industry.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, the Group's total revenue was approximately S\$72.6 million, representing a decrease of approximately 4.9% from approximately S\$76.3 million as compared with the year ended 2019. This decrease was primarily due to the reduced demand of cleaning services arising from the restrictions placed and reduced operations to control the outbreak of COVID-19 in Singapore during the Circuit Breaker Period.

Cost of Sales

For the year ended 31 December 2020, the cost of sales was approximately S\$49.7 million, representing a decrease of approximately 20.3% from approximately S\$62.4 million as compared with the year ended 31 December 2019. Please refer to the section "Gross Profit and Gross Profit Margin" for the explanation of the decrease.

Gross Profit and Gross Profit Margin

Gross profit increased from approximately S\$14.0 million for the year ended 31 December 2019 to approximately S\$22.9 million for the year ended 31 December 2020. The gross profit margin increased to 31.6% for the year ended 31 December 2020 as compared to 18.3% for the year ended 31 December 2019, which was primarily due to the receipts of certain one-off government grants from the Singapore government in 2020 to assist Singapore businesses in coping against the economic uncertainty due to COVID-19. For the twelve months ended 31 December 2020, the Group has recognised approximately S\$9.8 million of one-off government grants in total.

Other Expenses

Administrative Expenses

Administrative expenses increased from approximately S\$9.6 million for the year ended 31 December 2019 to approximately S\$12.0 million for the year ended 31 December 2020, primarily due to the increase in employees benefit expenses incurred and professional expenses incurred after the Listing.

Finance Costs

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

Income Tax Expense

The income tax expense and effective tax rate for the year ended 31 December 2020 was approximately S\$0.3 million and 2.6% respectively, as compared with S\$1.1 million and 30.0% during the year ended 31 December 2019. Such decrease was mainly attributable to the receipts of one-off government grants that were not subject to corporate income tax and lower non-deductible expenses during the Reporting Period.

Profit after tax for the year ended 31 December 2020

As a result of the factors mentioned in the above sections, the net profit of the Group was approximately S\$10.1 million for the year ended 31 December 2020, an increase of approximately 279.5% as compared with S\$2.7 million for the year ended 31 December 2019.

Liquidity and Capital Resources

As at 31 December 2020, the current assets of the Group amounted to approximately S\$46.2 million, including cash and cash equivalents of approximately S\$20.1 million and trade and other receivables, deposits and prepayments of approximately S\$24.7 million. Current liabilities of the Group amounted to approximately S\$12.9 million, including trade and other payables of approximately S\$9.3 million and other current tax liabilities of approximately S\$0.9 million. As at 31 December 2020, the current ratio (the current assets to current liabilities ratio) of the Group was 3.6, as compared with 1.3 as at 31 December 2019.

Gearing ratio is calculated by dividing net debt by total equity. Since the amount of cash and cash equivalents exceeded that of bank borrowings, the Group was at a net cash position as at 31 December 2020. Thus, the gearing ratio was not applicable (31 December 2019: 8.0%).

Capital Expenditures

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

Contingent Liabilities

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

Pledge of Assets

Assets pledged to secure the borrowings of the Group are disclosed in Note 14 to the consolidated financial statements of this announcement.

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 2020.

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 2020.

Foreign Exchange Risk Management

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

EVENTS AFTER THE REPORTING PERIOD

Discretionary Investment Management Agreement

As disclosed in the announcement of the Company dated 18 March 2021 (the “**Announcement**”), Eng Leng (as the client), a subsidiary of the Company, entered into the Discretionary Investment Management Agreement with Leo Asset Management (as manager), a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, on 6 July 2020. Please refer to the Announcement for further details.

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 2020:

	Approximate percentage of total amounts	Actual Net Proceeds <i>S\$'000</i>	Utilised amounts as at 31 December 2020 <i>S\$'000</i>	Unutilised amounts as at 31 December 2020 <i>S\$'000</i>	Estimated completion of utilisation
Acquisition of landscaping company	15.0%	1,774	—	1,774	31 Dec 2023
Purchase of waste disposal equipment	21.3%	2,520	120	2,400	31 Dec 2023
Hiring of waste disposal staff	20.7%	2,446	79	2,367	31 Dec 2023
Cash flow mismatch	20.6%	2,436	2,436	—	N/A
Hiring of sales and marketing staff	1.4%	166	9	157	31 Dec 2023
Hiring of safety officers	2.5%	296	—	296	31 Dec 2023
Purchase of software and systems	2.4%	284	40	244	31 Dec 2022
Leasing of automated machinery and equipment	6.1%	721	—	721	31 Dec 2023
General working capital	10.0%	1,182	1,182	—	N/A
Total	100%	11,825	3,866	7,959	

Note: As at 31 December 2020, the Group had not yet utilised the proceeds for leasing of automated machinery and equipment, purchase of waste disposal equipment and hiring of waste disposal staff as planned. The slight delay in utilisation of the proceeds were due to the Group being in the process of identifying suitable project sites for implementation of the automated equipment and recruiting suitable candidates who fit its business needs to join the Group.

EMPLOYEE REMUNERATION AND RELATIONS

As at 31 December 2020, the Group had approximately 2,553 employees (2,837 employees as at 31 December 2019). The Group's employees (including foreign workers) are remunerated according to their work skills, job scope, responsibilities and performance. Employees are also entitled to a discretionary bonus depending on their respective performances. The duration for which foreign workers are typically employed depends on the period specified in their work permits, and their employment with the 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 in Singapore, 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.

PAYMENT OF ANNUAL DIVIDEND

Having taken into account the performance of the Group for the financial year ended 31 December 2020, the Board has resolved to recommend a final dividend of S\$0.0015 per share for the year ended 31 December 2020 to the Shareholders whose names appear on the register of members of the Company on a date which is to be confirmed, for the reasons as set out under the paragraph "Further Announcements". The total amount is S\$3.0 million. The proposed payment date of the final dividend, subject to the approval of the Shareholders at the annual general meeting of the Company, will be announced in due course.

CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors in January 2021.

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 2020.

REVIEW OF UNAUDITED ANNUAL RESULTS BY THE 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 annual results for the year ended 31 December 2020 and discussed with the management of the Company on the accounting principles and practices adopted by the Group. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

FURTHER ANNOUNCEMENTS

As disclosed above and in the Announcement, the audit progress and procedures of the consolidated financial statements of the Group for the year ended 31 December 2020 have been disrupted. As at the date of this announcement, the Audit Committee, the Independent Accountant and PricewaterhouseCoopers are yet to reach a consensus on the scope and procedures of the Investigation and the Investigation therefore is yet to commence.

As a result of the above, the Company has been unable to publish the audited annual results for the year ended 31 December 2020 which shall have been agreed with PricewaterhouseCoopers (the “**2020 Audited Annual Results**”) by 31 March 2021 in accordance with Rules 13.49(1) and 13.49(2) of the Listing Rules. Subject to the completion of the Investigation, the Company will issue further announcement(s) in relation to (i) the 2020 Audited Annual Results and the material differences (if any) as compared with the unaudited consolidated annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting will be held; and (iii) the period during which the register of members holding shares of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement(s) when necessary if there are other material developments in the completion of the audit process.

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 2020.

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 2020, 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 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.hygieiagroup.com/>). As more time is required to prepare the annual report of the Company for the year ended 31 December 2020 (the "**Annual Report**"), the Company will publish the Annual Report and despatch it to the Shareholders in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with PricewaterhouseCoopers. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company.

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
"Circuit Breaker Period"	the period during which the Circuit Breaker Measures (as defined in the Prospectus), through the Control Order Regulations, were in force from 7 April 2020 and extended to 1 June 2020 (inclusive)
"Clean Mark"	the Clean Mark Accreditation Scheme, a scheme developed by, amongst others, NEA that recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices

“Company”	Hygieia Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019
“Control Order Regulations”	the COVID-19 (Temporary Measures) (Control Order) Regulations 2020
“COVID-19”	coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS coronavirus 2 or SARS-CoV-2) and is the cause of the 2019–2020 coronavirus outbreak in various countries around the world, including Singapore
“Director”	the director(s) of the Company
“Discretionary Investment Management Agreement”	the discretionary investment management agreement dated 6 July 2020 entered into between Eng Leng (as client) and Leo Asset Management (as manager)
“Eng Leng”	Eng Leng Contractors Pte Ltd, a private company limited by shares that was incorporated in Singapore on 27 June 1991 and is a wholly-owned subsidiary of the Company
“Essential Services”	providing essential services and in selected economic sectors which are critical for the Group’s local and global supply chains as prescribed by the Ministry of Trade and Industry
“FM02”	one of the maintenance workheads classified under the CRS (as defined in the Prospectus), where the title of the FM02 workhead is “Housekeeping, Cleansing, Desilting & Conservancy Services” and it refers to the provision of cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains and grass cutting
“Group”	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
“Independent Accountant”	an independent professional adviser proposed to be appointed by the Audit Committee to carry out the Investigation
“Investigation”	an independent investigation on the transactions related to the Discretionary Investment Management Agreement that will be conducted by an independent professional advisor
“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
“Leo Asset Management”	Leo Asset Management Limited, the manager under the Discretionary Investment Management Agreement, and is a company incorporated under the laws of Hong Kong
“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 2020

“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
“Titan”	Titan Facilities Management Pte. Ltd., a private company limited by shares that was incorporated in Singapore on 23 January 2006 and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 31 March 2021

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