

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HYGIEIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1650)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 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 interim results and the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021, together with the comparative figures for the six months ended 30 June 2020, which have been reviewed by the audit committee of the Company (the “**Audit Committee**”), and have been approved by the Board on 31 August 2021.

FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group for the six months ended 30 June 2021 amounted to approximately S\$35.5 million, representing a decrease of approximately of S\$0.5 million or 1.5% as compared with the revenue of approximately S\$36.0 million for the six months ended 30 June 2020.
- The unaudited profit after tax of the Group for the six months ended 30 June 2021 was approximately S\$4.3 million, representing a decrease of approximately of S\$3.3 million or 43.5% as compared to the profit after tax of approximately S\$7.6 million for the six months ended 30 June 2020.
- Basic and diluted earnings per share was S\$0.22 cents for the six months ended 30 June 2021 as compared to basic and diluted earnings per share of S\$0.51 cents for the six months ended 30 June 2020.
- No interim dividend is recommended by the Board for the six months ended 30 June 2021.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | | Six months ended | |
|---|------|---------------------|---------------------|
| | | 2021 | 2020 |
| | Note | S\$'000 | S\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 4 | 35,499 | 36,046 |
| Cost of sales | | <u>(26,708)</u> | <u>(24,419)</u> |
| Gross profit | | 8,791 | 11,627 |
| Other income | 5 | 95 | 1 |
| Other losses — net | 6 | (2) | (1) |
| Administrative expenses | | <u>(3,811)</u> | <u>(3,222)</u> |
| Operating profit | | 5,073 | 8,405 |
| Finance costs | 8 | <u>(124)</u> | <u>(288)</u> |
| Profit before income tax | | 4,949 | 8,117 |
| Income tax expense | 9 | <u>(628)</u> | <u>(475)</u> |
| Profit for the period | | <u>4,321</u> | <u>7,642</u> |
| Other comprehensive income: | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Currency translation differences | | (3) | (1) |
| Item that may not be reclassified subsequently to profit or loss: | | | |
| Currency translation differences | | <u>—</u> | <u>15</u> |
| Other comprehensive income, net of tax | | <u>(3)</u> | <u>14</u> |
| Total comprehensive income | | <u>4,318</u> | <u>7,656</u> |

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(CONTINUED)**

| | | Six months ended | |
|--|-------------|-------------------------|---------------------|
| | | 2021 | 2020 |
| | <i>Note</i> | S\$'000 | S\$'000 |
| | | (Unaudited) | (Unaudited) |
| Profit for the period attributable to: | | | |
| Equity holders of the Company | | 4,328 | 7,675 |
| Non-controlling interests | | <u>(7)</u> | <u>(33)</u> |
| | | <u>4,321</u> | <u>7,642</u> |
| Total comprehensive income for the period attributable to: | | | |
| Equity holders of the Company | | 4,325 | 7,674 |
| Non-controlling interests | | <u>(7)</u> | <u>(18)</u> |
| | | <u>4,318</u> | <u>7,656</u> |
| Basic and diluted earnings per share for profit attributable to equity holder of the Company (Singapore cents) | <i>10</i> | <u>0.22</u> | <u>0.51</u> |

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | | As at 30 June 2021 S\$'000 (Unaudited) | As at 31 December 2020 S\$'000 (Unaudited) |
|---|------|--|--|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 3,040 | 3,106 |
| Right-of-use assets | | 2,193 | 2,030 |
| Deferred income tax assets | | 151 | 151 |
| | | <u>5,384</u> | <u>5,287</u> |
| Current assets | | | |
| Financial assets at fair value through profit or loss | | — | 1,434 |
| Trade and other receivables, deposits and prepayments | 12 | 22,165 | 24,702 |
| Cash and cash equivalents | 13 | 28,846 | 20,091 |
| | | <u>51,011</u> | <u>46,227</u> |
| Total assets | | <u>56,395</u> | <u>51,514</u> |
| EQUITY | | | |
| Share capital | 14 | 3,592 | 3,592 |
| Share premium | | 13,173 | 13,173 |
| Capital reserves | | 4,500 | 4,500 |
| Other reserves | | (98) | (98) |
| Currency translation reserve | | 5 | 8 |
| Retained profits | | 16,998 | 12,670 |
| | | <u>38,170</u> | <u>33,845</u> |
| Non-controlling interests | | <u>22</u> | <u>29</u> |
| Total equity | | <u>38,192</u> | <u>33,874</u> |

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONTINUED)

| | | As at 30 June 2021 <i>S\$'000</i> (Unaudited) | As at 31 December 2020 <i>S\$'000</i> (Unaudited) |
|-------------------------------------|-------------|---|---|
| | <i>Note</i> | | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | <i>15</i> | 6,719 | 4,553 |
| Lease liabilities | | 291 | 168 |
| | | <u>7,010</u> | <u>4,721</u> |
| Current liabilities | | | |
| Trade and other payables | <i>16</i> | 7,314 | 9,250 |
| Borrowings | <i>15</i> | 1,657 | 1,615 |
| Lease liabilities | | 1,127 | 1,109 |
| Current income tax liabilities | | 1,095 | 945 |
| | | <u>11,193</u> | <u>12,919</u> |
| Total liabilities | | <u>18,203</u> | <u>17,640</u> |
| Total equity and liabilities | | <u>56,395</u> | <u>51,514</u> |

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| Note | Attributable to equity holders of the Company | | | | | | Total | Non-controlling interests | Total equity |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------------|------------------------|---------------------------|------------------------|
| | Share capital | Share premium | Capital reserves | Other reserves | Retained profits | Currency translation reserve | | | |
| | S\$'000 (Unaudited) | S\$'000 (Unaudited) | S\$'000 (Unaudited) | S\$'000 (Unaudited) | S\$'000 (Unaudited) | S\$'000 (Unaudited) | S\$'000 (Unaudited) | S\$'000 (Unaudited) | S\$'000 (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) |
| Total comprehensive income for the period | — | — | — | — | 4,328 | (3) | 4,325 | (7) | 4,318 |
| Balance at 30 June 2021 | <u>3,592</u> | <u>13,173</u> | <u>4,500</u> | <u>(98)</u> | <u>16,998</u> | <u>5</u> | <u>38,170</u> | <u>22</u> | <u>38,192</u> |

| Note | Attributable to equity holders of the Company | | | | | | Non-controlling interests | Total equity |
|---|---|------------------|----------------|------------------|------------------------------|-------------|---------------------------|--------------|
| | Share capital | Capital reserves | Other reserves | Retained profits | Currency translation reserve | Total | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | | |
| Balance at 1 January 2020 | — | 4,500 | (98) | 7,079 | 3 | 11,484 | 46 | 11,530 |
| Profit for the period | — | — | — | 7,642 | — | 7,642 | (33) | 7,609 |
| Other comprehensive income for the period | — | — | — | — | (1) | (1) | 15 | 14 |
| Total comprehensive income for the period | — | — | — | 7,642 | (1) | 7,641 | (18) | 7,623 |
| Transactions with owners, recognised directly in equity | | | | | | | | |
| Dividend paid | 11 | — | — | (4,500) | — | (4,500) | — | (4,500) |
| Balance at 30 June 2020 | — | 4,500 | (98) | 10,221 | 2 | 14,625 | 28 | 14,653 |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | | Six months ended 30 June | |
|---|------|--------------------------|----------------|
| | | 2021 | 2020 |
| | Note | S\$'000 | S\$'000 |
| | | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | | |
| Cash generated from operations | | 7,265 | 5,581 |
| Income tax paid | | (602) | — |
| | | <u>7,265</u> | <u>5,581</u> |
| Net cash generated from operating activities | | 6,663 | 5,581 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (500) | (203) |
| Interest received | | 15 | 1 |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 1,524 | — |
| | | <u>1,524</u> | <u>—</u> |
| Net cash from/(used in) investing activities | | 1,039 | (202) |
| Cash flows from financing activities | | | |
| Interest paid on: | | | |
| — Lease liabilities | | (31) | (18) |
| — Other financing arrangement | | (93) | (270) |
| Repayments of bank borrowings | | (1,711) | (15,686) |
| Proceeds from bank borrowings | | 3,919 | 10,631 |
| Lease payments for principal portion of lease liabilities | | (1,030) | (787) |
| Dividends paid | 11 | — | (4,500) |
| | | <u>—</u> | <u>(4,500)</u> |
| Net cash from/(used in) financing activities | | 1,054 | (10,630) |
| Net increase/(decrease) in cash and cash equivalents | | <u>8,756</u> | <u>(5,251)</u> |
| Cash and cash equivalents at beginning of the period | | 20,091 | 12,549 |
| Effects of currency translation on cash and cash equivalents | | (1) | (1) |
| | | <u>(1)</u> | <u>(1)</u> |
| Cash and cash equivalents at end of the period | 13 | <u>28,846</u> | <u>7,297</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION AND REORGANISATION

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.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in the provision of cleaning services (the “**Listing Business**”). The principal place of business in Singapore of the Group is at 6 Tagore Drive, #B1-02, Singapore 787623. The unaudited condensed consolidated financial information are presented in thousands of Singapore Dollars (“**S\$’000**”), unless otherwise stated.

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.

2 BASIS OF PRESENTATION

The unaudited condensed interim financial information for the six months ended 30 June 2021 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 unaudited annual results announcement for the year ended 31 December 2020.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company’s combined financial statements for the year ended 31 December 2019 and unaudited annual results announcement for the year ended 31 December 2020, except as mentioned below.

3.1 Effect of adopting amendments to standards

The following are new amendments to existing standards and interpretations that are mandatory for the Group’s financial year beginning on 1 January 2021:

| Effective for accounting periods beginning on or after | | |
|---|---|----------------|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform — Phase 2 | 1 January 2021 |
| IFRS 17 | Insurance Contracts | 1 January 2021 |

The adoption of these amendments and interpretations did not result in a significant impact on the Group’s financial performance and position. The Group has not applied any new standard, amendment or interpretation that is not effective for the current period.

4 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 and review the financial information accordingly for the purposes of allocating resources and assessing performance of the operating segment.

(a) Disaggregation of revenue from contracts with customers

| | Six months ended 30 June | |
|--------------------------------|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Provision of cleaning services | 35,483 | 36,038 |
| Sale of goods | 16 | 8 |
| | <u>35,499</u> | <u>36,046</u> |
| Timing of revenue recognition: | | |
| Over time | 35,483 | 36,038 |
| Point in time | 16 | 8 |
| | <u>35,499</u> | <u>36,046</u> |

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

| | Six months ended 30 June | |
|----------------------------|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Revenue contribution from: | | |
| Singapore | 34,812 | 35,411 |
| Thailand | 687 | 635 |
| | <u>35,499</u> | <u>36,046</u> |

For the six months ended 30 June 2021 and 2020, there were 1 and 1 customer, respectively, which individually contributed 10% or more of the Group's total revenue. The revenue contributed from this customer is as follows:

| | Six months ended 30 June | |
|------------|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Customer A | <u>7,898</u> | <u>7,027</u> |

(b) The total of non-current assets excluding deferred tax assets by location are as follows:

| | As at | As at |
|-----------|----------------|----------------|
| | 30 June | 31 December |
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Singapore | 5,169 | 5,070 |
| Thailand | <u>64</u> | <u>66</u> |
| | <u>5,233</u> | <u>5,136</u> |

5 OTHER INCOME

| | Six months ended 30 June | |
|-----------------|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Interest income | 15 | 1 |
| Others | <u>80</u> | <u>—</u> |
| | <u>95</u> | <u>1</u> |

6 OTHER LOSSES, NET

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Foreign exchange differences | — | 1 |
| Loss on disposal of property, plant and equipment | <u>2</u> | <u>—</u> |
| | <u>2</u> | <u>1</u> |

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING BENEFITS AND INTERESTS OF DIRECTORS)

(a) Employee benefit expenses during the periods are as follows:

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Directors: | | |
| Wages and salaries | 258 | 183 |
| Employer's contribution to defined contribution plan | 10 | 9 |
| Fees | 183 | 120 |
| | <u>451</u> | <u>312</u> |
| Other employees: | | |
| Wages and salaries | 19,472 | 17,742 |
| Employer's contribution to defined contribution plan | 1,724 | 1,703 |
| Other employee benefits | 121 | 124 |
| | <u>21,317</u> | <u>19,569</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\$3,333,000 and S\$6,497,000 for the six months ended 30 June 2021 and 2020 respectively.

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

8 FINANCE COSTS

| | Six months ended 30 June | |
|---------------------------------------|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Loan interest | 70 | 244 |
| Interest on lease liabilities | 31 | 19 |
| Interest on hire purchase arrangement | 23 | 25 |
| | <u>124</u> | <u>288</u> |

9 INCOME TAX EXPENSE

| | Six months ended 30 June | |
|-------------|--------------------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Current tax | 628 | 475 |
| | <u>628</u> | <u>475</u> |

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Singapore profits tax has been provided at the rate of 17% on the estimated assessable profit for the year 2021 (2020: 17%).

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holder of the Company by weighted average number of ordinary shares in issue during the respective periods.

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2021 | 2020 |
| Profit attributable to the equity holders of the Company (<i>S\$'000</i>) | 4,328 | 7,675 |
| Weighted average number of ordinary shares in issue (<i>in thousand</i>) | 2,000,000 | 1,500,000 |
| Basic and diluted earnings per share (<i>S\$ cents</i>) | <u>0.22</u> | <u>0.51</u> |

Diluted earnings per share were the same as the basic earnings per share as there were no potential dilutive ordinary shares during the respective periods.

11 DIVIDENDS

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

| | As at 30 June | |
|---|----------------|----------------|
| | 2021 | 2020 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| <i>Ordinary dividends</i> | | |
| Dividends declared and paid during the period | <u>—</u> | <u>4,500</u> |

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 30 June 2021 S\$'000 (Unaudited) | 31 December 2020 S\$'000 (Unaudited) |
|-------------------------|---|---|
| Trade receivables from: | | |
| — Non-related parties | 14,608 | 13,292 |
| Unbilled revenue: | | |
| — Non-related parties | 4,980 | 6,819 |
| | <u>19,588</u> | <u>20,111</u> |
| Deposits | 1,703 | 1,652 |
| Prepayments | 441 | 572 |
| Other receivables from: | | |
| — Non-related parties | 433 | 2,367 |
| | <u>2,577</u> | <u>4,591</u> |
| Total | <u><u>22,165</u></u> | <u><u>24,702</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 is as follows:

| | 30 June 2021 S\$'000 (Unaudited) | 31 December 2020 S\$'000 (Unaudited) |
|----------------|---|---|
| 0 to 30 days | 6,261 | 5,073 |
| 31 to 60 days | 3,532 | 2,961 |
| 61 to 90 days | 2,371 | 1,781 |
| 91 to 120 days | 900 | 1,203 |
| Over 120 days | 1,544 | 2,274 |
| | <u><u>14,608</u></u> | <u><u>13,292</u></u> |

The carrying amounts of the Group's trade receivables are denominated in S\$.

Certain of the Group's trade receivables as at 30 June 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 (Note 15). These financial assets were carried at amortised cost in the Group's condensed consolidated statements of financial position.

(b) Other receivables and deposits

As at 30 June 2021 and 31 December 2020, the carrying amounts of the other receivables and deposits are denominated in S\$ and approximate their fair values.

13 CASH AND CASH EQUIVALENTS

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

| | 30 June 2021 S\$'000 (Unaudited) | 31 December 2020 S\$'000 (Unaudited) |
|------------------------------|---|---|
| Cash on hand | 193 | 187 |
| Cash at bank | 28,653 | 19,904 |
| | 28,846 | 20,091 |
| | 30 June 2021 S\$'000 (Unaudited) | 31 December 2020 S\$'000 (Unaudited) |
| S\$ | 25,804 | 19,708 |
| Hong Kong Dollar ("HKD") | 3,041 | 382 |
| United States Dollar ("USD") | 1 | 1 |
| | 28,846 | 20,091 |

14 SHARE CAPITAL

| | No of shares | Share capital HK\$'000 |
|---|---------------------|-----------------------------------|
| Ordinary shares, issued and fully paid: | | |
| Ordinary shares of HK\$0.01 each as at 31 December 2020 | 2,000,000,000 | 20,000 |
| Ordinary shares of HK\$0.01 each as at 30 June 2021 | 2,000,000,000 | 20,000 |

15 BORROWINGS

| | 30 June 2021 S\$'000 (Unaudited) | 31 December 2020 S\$'000 (Unaudited) |
|---|---|---|
| Current (secured) | | |
| Trade receivables financing (<i>Note (a)</i>) | 156 | 273 |
| Term loans (<i>Note (a)</i>) | 1,198 | 1,012 |
| Hire purchase loans (<i>Note (b)</i>) | 303 | 330 |
| | <u>1,657</u> | <u>1,615</u> |
| Non-current (secured) | | |
| Term loans (<i>Note (a)</i>) | 6,313 | 4,000 |
| Hire purchase loans (<i>Note (b)</i>) | 406 | 553 |
| | <u>6,719</u> | <u>4,553</u> |
| Total borrowings | <u>8,376</u> | <u>6,168</u> |

The table below analyses the maturity profile of the Group's borrowings based on their scheduled repayment terms:

| | Carrying amount S\$'000 |
|---|-------------------------------|
| As at 30 June 2021 (Unaudited) | |
| Less than one year | 1,657 |
| Between one to two years | 1,950 |
| Between two to five years | <u>4,769</u> |
| | <u>8,376</u> |
| As at 31 December 2020 (Unaudited) | |
| Less than one year | 1,615 |
| Between one to two years | 1,263 |
| Between two to five years | <u>3,290</u> |
| | <u>6,168</u> |

(a) Trade receivables financing and term loans

(i) Trade receivables financing

Trade receivables financing relates to factoring of approved debts owing by certain customers. It bears an interest at 2.25% per annum over the bank's prevailing cost of funds ("COF").

As at 30 June 2021 and 31 December 2020, trade receivables financing amounting to S\$156,000 and S\$273,000 were secured by the Group's pledged trade receivables.

(ii) Term loans

Included in the borrowings are 5-year secured term loans of S\$5,000,000 (TL1) and S\$3,000,000 (TL2) which are repayable over 60 monthly instalments and 48 monthly instalments respectively. The term loans bear interest rates at 2.0% to 2.5% 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) Assignment over debtors allowed under trade receivables financing;
- (ii) Debenture incorporating a fixed and floating charge over all assets; and
- (iii) Corporate guarantee from Hygieia Group Limited.

(b) Hire purchase loans

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

16 TRADE AND OTHER PAYABLES

| | 30 June 2021 S\$'000 (Unaudited) | 31 December 2020 S\$'000 (Unaudited) |
|--|---|---|
| Trade payables: | | |
| — Third parties | 1,564 | 1,429 |
| | <u>1,564</u> | <u>1,429</u> |
| Other payables: | | |
| — Third parties | 1,776 | 1,246 |
| — Amount due to a shareholder | 78 | 83 |
| — Accruals | 381 | 1,840 |
| — Accruals for subcontractor charges | — | 25 |
| — Accruals for employee benefit expenses | 3,515 | 4,627 |
| | <u>5,750</u> | <u>7,821</u> |
| | <u>7,314</u> | <u>9,250</u> |

The ageing analysis of the Group's trade payables based on invoice dates as at 30 June 2021 and 31 December 2020 were as follows:

| | 30 June 2021 S\$'000 (Unaudited) | 31 December 2020 S\$'000 (Unaudited) |
|---------------|---|---|
| 0 to 30 days | 761 | 575 |
| 31 to 60 days | 320 | 392 |
| 61 to 90 days | 371 | 306 |
| Over 90 days | 112 | 156 |
| | <u>1,564</u> | <u>1,429</u> |

The carrying amounts of the Group's trade and other payables are denominated in S\$ and approximate their fair value. Other payables to related parties are non-trade nature, unsecured, interest-free and repayable on demand.

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

17 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

| Name of related party | Relationship with the Group |
|------------------------------|---|
| 2k Services Pte Ltd | A company with a family member of a common key management personnel |

(a) Related party transactions

The following material transactions occurred with related parties:

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2021 | 2020 |
| | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) |
| Continuing transaction | | |
| — Trade: | | |
| Purchase of subcontracting services from an entity owned by a close family member of a director of an operating entity | 181 | 193 |

(b) Key management compensation

The executive directors of the Group are regarded as key management. Details of the key management compensation are disclosed in note 7 to the condensed consolidated financial information.

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 2021, Eng Leng was one of 37 registered contractors holding an L6-graded FM02 workhead among 448 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 2021, the Group has 257 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$52.7 million.

FUTURE PROSPECTS

In the second half of 2021, the Company 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 2021, the Group’s total revenue was approximately S\$35.5 million, representing a decrease of approximately 1.5% from approximately S\$36.0 million as compared with the corresponding period of 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 six months ended 30 June 2021, the cost of sales was approximately S\$26.7 million, representing an increase of approximately 9.4% from approximately S\$24.4 million as compared with the corresponding period of 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\$11.6 million for the six months ended 30 June 2020 to approximately S\$8.8 million for the six months ended 30 June 2021. The gross profit margin decreased from 32.3% for the six months ended 30 June 2020 to 24.8% for the six months ended 30 June 2021, which was primarily due to a decline 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 2021: S\$6.0 million).

Administrative Expenses

Administrative expenses increased from approximately S\$3.2 million for the six months ended 30 June 2020 to approximately S\$3.8 million for the six months ended 30 June 2021, primarily due to the higher employee benefit expenses and professional fees incurred by the Group post-listing.

Income Tax Expense

The income tax expense and effective tax rate for the six months ended 30 June 2021 was approximately S\$0.6 million and 12.7% respectively, as compared with S\$0.5 million and 5.9% during the corresponding period of 2020. Such increase was mainly attributable to the lower receipts of certain one-off government grants that were not subjected to corporate income tax.

Profit after tax for the six months ended 30 June 2021

As a result of the above factors, the net profit of the Group was approximately S\$4.3 million for the six months ended 30 June 2021, a decrease of approximately 43.5% as compared with S\$7.6 million for the six months ended 30 June 2020.

Liquidity and Capital Resources

As at 30 June 2021, current assets of the Group amounted to approximately S\$51.0 million, including bank balances and cash of approximately S\$28.8 million and other current assets of approximately S\$22.2 million. Current liabilities of the Group amounted to approximately S\$11.2 million, including trade payables of approximately S\$7.3 million and other current liabilities of approximately S\$3.9 million. As at 30 June 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 4.6, as compared with 3.6 as at 31 December 2020.

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 30 June 2021. Thus, the gearing ratio was not applicable (31 December 2020: N/A).

Capital Expenditures

Save as disclosed in this announcement, there was no other significant capital expenditure incurred during the six months ended 30 June 2021.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2021.

Pledge of Assets

Assets pledged to secure the borrowings of the Group are disclosed in Note 15 to the condensed consolidated financial information 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 30 June 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 six months ended 30 June 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

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 2021:

| | Approximate percentage of total amounts | Actual Net Proceeds S\$'000 | Utilised amounts as at 30 June 2021 S\$'000 | Unutilised amounts as at 30 June 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 | 174 | 2,272 | 31 Dec 2023 |
| Cash flow mismatch | 20.6% | 2,436 | 2,436 | — | N/A |
| Hiring of sales and marketing staff | 1.4% | 166 | 38 | 128 | 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 | 14 | 707 | 31 Dec 2023 |
| General working capital | 10.0% | 1,182 | 1,182 | — | N/A |
| Total | 100% | 11,825 | 4,034 | 7,791 | |

Note: As at 30 June 2021, 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 and safety officers 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. Nevertheless, the Group expects to utilise the unutilised amounts of the net proceeds in the same manner as disclosed in the Prospectus. The Board will continuously monitor the utilisation of proceeds and keep shareholders and potential investors informed if there is any material change.

EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2021, the Group had approximately 2,534 employees (2,621 as at 30 June 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 we maintain a good working relationship with our employees, and the Group has not experienced any material labor 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 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 July 2020.

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 period the six months ended 30 June 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 unaudited condensed consolidated interim results for the Reporting Period 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) and the Company (<http://www.hygieiagroup.com>). The interim report for the Reporting Period containing all the information required by 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 pending the publication of the announcement in relation to the audited annual results for the year ended 31 December 2020 by the Company and will remain suspended until the Company fulfils the guidance for the resumption of trading in the shares of the Company as set out by the Stock Exchange.

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 |
| “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 |
| “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 |
| “Net Proceeds” | net proceeds of approximately S\$11.8 million raised by the Company from the Listing |
| “Prospectus” | the prospectus of the Company dated 12 June 2020 |
| “Reporting Period” | the six months ended 30 June 2021 |
| “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 |
| “S\$” or “SGD” | Singapore dollars, the lawful currency of Singapore |
| “Thailand” | the Kingdom of Thailand |

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

Hong Kong, 31 August 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.