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HYGIEIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1650)

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus issued by Hygieia Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 12 June 2020 (the “**Prospectus**”) in relation to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”), which sets out the intended use of the net proceeds from the issue of new shares of the Company (the “**Net Proceeds**”) at the time of preparing the Prospectus; (ii) the announcement of the Company dated 29 September 2023 in relation to the change in the use of the Net Proceeds (the “**Announcement**”); and (iii) the interim report of the Company for the six months ended 30 June 2023 (the “**Interim Report**”), in which the utilisation of the Net Proceeds up to 30 June 2023 was disclosed. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Interim Report.

The board of directors of the Company (the “**Board**”) hereby announces that it has resolved to change the use of the unutilised portion of the Net Proceeds in the manner as set out in this announcement.

CHANGE IN USE OF PROCEEDS AS DISCLOSED IN THE ANNOUNCEMENT

The original intended use of the Net Proceeds, which amounted to approximately S\$11.8 million after deducting underwriting fees and commissions and all related expenses in relation to the Listing, was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As disclosed in the Announcement, the Board resolved to change and reallocate the use of the Net Proceeds which remained unutilised as at the date of the Announcement amounting to approximately S\$5.3 million.

As at the date of this announcement, the Group had utilised approximately S\$7.2 million of the Net Proceeds and the unutilised Net Proceeds amounted to approximately S\$4.6 million (the “Unutilised Net Proceeds”).

CHANGE IN USE OF PROCEEDS

For reasons set out in the section headed “Reasons for and Benefits of the Change in Use of the Net Proceeds” below, the Board resolved on 21 December 2023 to further reallocate the Unutilised Net Proceeds to cash flow mismatch in order for the Company to pay the upfront costs of two newly awarded sizeable projects. An analysis of the utilisation of the Net Proceeds as at the date of this announcement and the proposed change in the use of the Unutilised Net Proceeds is set out as below:

	Use of Net Proceeds as disclosed in the Announcement <i>S\$'000</i>	Utilised Net Proceeds as at the date of this Announcement <i>S\$'000</i>	Unutilised Net Proceeds as at the date of this Announcement <i>S\$'000</i>	Proposed reallocation of the Unutilised Net Proceeds <i>S\$'000</i>
Acquisition of landscaping company	1,774	–	1,774	1,774
Purchase of waste disposal equipment	1,055	404	651	201
Hiring of waste disposal staff	1,365	458	907	169
Cash flow mismatch	4,982	4,470	512	1,700
Hiring of sales and marketing staff	166	166	–	–
Hiring of safety officers	296	13	283	283
Purchase of software and systems	284	98	186	186
Leasing of automated machinery and equipment	721	399	322	322
General working capital	1,182	1,182	–	–
Total	<u>11,825</u>	<u>7,190</u>	<u>4,635</u>	<u>4,635</u>

The Unutilised Net Proceeds are expected to be fully utilised by 31 December 2025.

Save for the disclosed herein, there are no other changes in the use of the Net Proceeds.

REASONS FOR AND THE BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Board is pleased to announce that the Group has been awarded two sizeable projects with aggregate contract sums of approximately S\$13.7 million in the last quarter of 2023 for performing general cleaning services for clients in the private sector, which will assist the Company in generating more revenue in the coming year. These clients are well-known multinational corporations within the manufacturing industry.

The Group expects to incur substantial upfront costs at the early stage of these contracts arising from mismatch of such costs and sales receipts collection from our customers. The upfront costs required for our service contracts consists of labour costs and costs of equipment. Based on the best estimation of the Directors, it is expected that the Group would require to incur upfront costs of approximately S\$1.2 million for the projects. The Directors are of the view that by reallocating part of the Unutilised Net Proceeds, the Group would be able to actively participate in tender submissions in an increasingly competitive business climate and the Company may reduce its reliance on bank loans, particularly in a rising interest rate environment.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board considers the above change in the use of the Net Proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group and is therefore in the interests of the Group and the shareholders as a whole.

The Board will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group.

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

Singapore, 21 December 2023

As at the date of this announcement, the executive Directors are Mr. Toh Eng Kui, Mr. Peh Poon Chew and Ms. Toh Lek Siew, the independent non-executive Directors are Mr. Koh How Thim, Mr. Lew Chern Yong and Mr. Wong Yuk.