



ANNUAL REPORT  
2023



# Hygieia Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1650



## CONTENTS

Corporate Information	2
Chairman's Statement	4
Financial Highlights	5
Management Discussion and Analysis	6
Profile of Directors and Senior Management	9
Report of the Directors	15
Corporate Governance Report	32
ESG Report	41
Independent Auditor's Report	67
Consolidated Statement of Profit or Loss and Other Comprehensive Income	72
Consolidated Statement of Financial Position	74
Consolidated Statement of Changes in Equity	76
Consolidated Statement of Cash Flows	77
Notes to the Consolidated Financial Statements	79
Definitions	149



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Toh Eng Kui  
Mr. Peh Poon Chew  
Ms. Toh Lek Siew

#### Independent Non-Executive Directors

Mr. Koh How Thim  
*(resigned with effect from 5 April 2024)*  
Mr. Tan Wu Hao  
*(resigned with effect from 1 September 2023)*  
Mr. Wong Yuk  
Mr. Lew Chern Yong  
*(appointed with effect from 1 September 2023)*  
Mr. Leung Chi Hang, Benson  
*(appointed with effect from 5 April 2024)*

### AUTHORISED REPRESENTATIVES

Mr. Toh Eng Kui  
Mr. Lau Chung Wai

### COMPANY SECRETARY

Mr. Lau Chung Wai

### AUDIT COMMITTEE

Mr. Wong Yuk *(Chairman)*  
Mr. Koh How Thim  
*(resigned with effect from 5 April 2024)*  
Mr. Tan Wu Hao  
*(resigned with effect from 1 September 2023)*  
Mr. Lew Chern Yong  
*(appointed with effect from 1 September 2023)*  
Mr. Leung Chi Hang, Benson  
*(appointed with effect from 5 April 2024)*

### REMUNERATION COMMITTEE

Mr. Leung Chi Hang, Benson  
*(Chairman, appointed with effect from 5 April 2024)*  
Mr. Koh How Thim  
*(Former Chairman, resigned with effect from 5 April 2024)*  
Mr. Wong Yuk  
Mr. Tan Wu Hao  
*(resigned with effect from 1 September 2023)*  
Mr. Lew Chern Yong  
*(appointed with effect from 1 September 2023)*

### NOMINATION COMMITTEE

Mr. Lew Chern Yong  
*(Chairman, appointed with effect from 1 September 2023)*  
Mr. Tan Wu Hao  
*(Former Chairman, resigned with effect from 1 September 2023)*  
Mr. Wong Yuk  
Mr. Koh How Thim  
*(resigned with effect from 5 April 2024)*  
Mr. Leung Chi Hang, Benson  
*(appointed with effect from 5 April 2024)*

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

6 Tagore Drive  
#B1-02  
Tagore Building  
Singapore 787623



### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1102, 11th Floor,  
Brill Plaza  
No. 84 To Kwa Wan Road  
To Kwa Wan, Kowloon  
Hong Kong

### AUDITOR

**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*  
Registered Public Interest Entity Auditor  
31st Floor, Gloucester Tower  
The Landmark  
11 Pedder Street Central  
Hong Kong

### COMPLIANCE ADVISER

**Fortune Financial Capital Limited**  
4102-06, 41/F, Cosco Tower  
183 Queen's Road Central  
Hong Kong

### LEGAL ADVISORS AS TO HONG KONG LAW

**Morgan, Lewis & Bockius**  
19th Floor  
Edinburgh Tower, The Landmark  
15 Queen's Road Central, Hong Kong

### CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

**Conyers Trust Company (Cayman) Limited**  
Cricket Square, Hutchins Drive, PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

**Tricor Investor Services Limited**  
17/F., Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL BANKERS

**Oversea-Chinese Banking Corporation Limited**  
65 Chulia Street  
OCBC Centre  
Singapore 049513

### STOCK CODE

1650

### COMPANY WEBSITE

<http://www.hygieiagroup.com/>



## CHAIRMAN'S STATEMENT

Dear Shareholders.

On behalf of the board of directors (the “**Board**”) of Hygieia Group Limited (the “**Company**”), I am pleased to present to all shareholders the audited results and annual report of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023.

The year of 2023 continued to be a challenging period for business operations as manpower shortages persisted in the Singapore labour market, particularly for labour intensive industries such as the environmental services industry. The Group remains cautiously optimistic and will continue to monitor the situation while maintaining vigilance in navigating through the increasingly competitive environment.

To anchor our position as a market leader in the environmental services industry, the Group will continue to invest in digital technologies and upskilling programs to enhance the productivity and capability of our workforce. Digital solutions such as process automation and the use of robotics can improve the efficiency and effectiveness of our operations, as well as reducing workplace injuries and improving overall employee well-being.

Looking ahead, we remain committed to leveraging technology and training to drive productivity gains and create long-term value for our shareholders. We will continue to explore new ways to enhance our operations and ensure that our workforce is equipped with the skills and tools necessary to succeed in a dynamic and competitive industry.

In closing, I would like to take this opportunity to acknowledge the continuous support from our shareholders, clients, business partners and suppliers. On behalf of the Group, I hereby express my heartfelt gratitude to the members of the Board and our employees for their contributions.

**Toh Eng Kui**

*Chairman*

Singapore



## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published financial statements, is set out as below:

### RESULTS

	2023 S\$'000	Year ended 31 December			
		2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000
Revenue	<b>66,538</b>	63,425	71,605	72,611	76,374
Profit/(loss) before income tax	<b>552</b>	(1,371)	5,880	9,133	3,789
Profit/(loss) for the year	<b>475</b>	(1,599)	5,106	8,782	2,654
Total comprehensive income/(loss) attributable to: Owners of the Company	<b>453</b>	(1,601)	5,146	8,802	2,639

### ASSETS, LIABILITIES AND EQUITY

	2023 S\$'000	As at 31 December			
		2022 S\$'000	2021 S\$'000	2020 S\$'000	2019 S\$'000
Total Assets	<b>44,475</b>	46,871	56,534	50,159	36,305
Total Liabilities	<b>14,381</b>	15,274	18,842	17,575	24,775
Equity:					
Equity attributable to owners of the Company	<b>30,049</b>	31,596	37,697	32,551	11,484



## 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 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, retail outlets 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 27 March 2024, Eng Leng was one of 40 registered contractors holding an L6-graded FM02 workhead among 491 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 Gold award for delivering high cleaning standards.

As at 28 March 2024, the Group had 293 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$78.0 million.

### FUTURE PROSPECTS

In 2024, the Group will continue its vision to become an integrated service provider in the environmental services industry, and to provide consistent and quality cleaning services to customers. While we expect the Singapore environmental services industry to become increasingly challenging and competitive, we remain committed in enhancing our productivity through investments in technology and training. 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. At the same time, the Group may also assess additional investment prospects that could generate favorable returns for the Shareholders.

### FINANCIAL REVIEW

#### Revenue

For the year ended 31 December 2023, the Group’s total revenue was approximately S\$66.5 million, representing an increase of approximately 4.9% from approximately S\$63.4 million as compared with the year ended 2022. This increase was primarily driven by the Group’s operations growth in the Thailand market.

#### Cost of Sales

For the year ended 31 December 2023, the cost of sales was approximately S\$57.5 million, representing an increase of approximately 5.0% from approximately S\$54.8 million as compared with the year ended 31 December 2022. 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 increased from approximately S\$8.6 million for the year ended 31 December 2022 to approximately S\$9.0 million for the year ended 31 December 2023. The gross profit margin decreased marginally from 13.6% for the year ended 31 December 2022 to 13.5% for the year ended 31 December 2023, which was primarily due to the decrease in receipts of government grants on employment credit and being partially offset by the improved operational efficiency of the Group. For the year ended 31 December 2023, the Group has recognised approximately S\$0.6 million of government grants in total (31 December 2022: S\$2.9 million).

## **Other Expenses**

### ***Administrative Expenses***

Administrative expenses decreased from approximately S\$10.0 million for the year ended 31 December 2022 to approximately S\$8.6 million for the year ended 31 December 2023, primarily due to the lower professional fees incurred and being partially offset by the increase in employee benefit expenses.

### ***Finance Costs***

Finance costs decreased from approximately S\$275,000 for the year ended 31 December 2022 to S\$203,000 for the year ended 31 December 2023, primarily due to the Group's decreased interest expense incurred on its borrowings.

### ***Other income***

Other income increased from approximately S\$121,000 for the year ended 31 December 2022 to approximately S\$406,000 for the year ended 31 December 2023, primarily due to the higher interest income generated from fixed bank deposits placed for a longer duration in 2023.

### ***Other gains, net***

Other gains decreased from S\$192,000 for the year ended 31 December 2022 to approximately S\$1,000 for the year ended 31 December 2023, primarily due to the net exchange loss incurred on transactions denominated in foreign currencies and a lower gain on disposal of property, plant and equipment for the year.

### ***Income Tax Expense***

The income tax expense for the year ended 31 December 2023 was approximately S\$77,000, as compared with S\$228,000 during the year ended 31 December 2022. Such decrease was mainly attributable to the lower chargeable income that were subject to corporate income tax during the Reporting Period.

### ***Profit after tax for the year ended 31 December 2023***

As a result of the above factors, the net profit of the Group was approximately S\$0.5 million for the year ended 31 December 2023, an increase of approximately 129.7% as compared with the net loss of S\$1.6 million for the year ended 31 December 2022.

## **Final Dividend**

The Board recommended the payment of a final dividend of \$0.0015 per Share for the year ended 31 December 2023 (2022: \$0.001 per Share).





## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Capital Resources

As at 31 December 2023, the current assets of the Group amounted to approximately S\$39.9 million, including cash and cash equivalents of approximately S\$12.2 million, fixed bank deposits of S\$10.4 million and trade and other receivables, deposits and prepayments of approximately S\$17.3 million. Current liabilities of the Group amounted to approximately S\$11.7 million, including trade and other payables of approximately S\$8.2 million, borrowings of approximately S\$1.9 million, lease liabilities of approximately S\$1.4 million and income tax payable of approximately S\$0.1 million. As at 31 December 2023, the current ratio (the current assets to current liabilities ratio) of the Group was 3.4, as compared with 3.9 as at 31 December 2022.

Net debt to equity ratio is calculated by dividing net debt by total equity. Since the amount of cash and cash equivalents exceeded that of bank borrowings, the Group was at a net cash position as at 31 December 2023. Thus, the net debt to equity ratio was not applicable (31 December 2022: N/A).

### Capital Expenditures

Save as disclosed in this report, there were no other significant capital expenditure incurred during the year ended 31 December 2023.

### Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2023.

### Pledge of Assets

The banking facilities of the Group 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 provided by the Company.

### Future Plan for Material Investments and Capital Assets

Save as disclosed in this report, the Group did not have plans for material investments and capital assets as at 31 December 2023.

### Significant Investments, Acquisitions and Disposals

Save as disclosed in this report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

### 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 report, 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.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



As of the date of this report, the Company has three executive Directors and three independent non-executive Directors. Their biographical details are set out below.

### EXECUTIVE DIRECTORS

**Mr. Toh Eng Kui (卓榮貴先生)**, aged 63, founded our Group in June 1991 and was appointed a director of Eng Leng at its founding. He was appointed as a Director on 28 February 2019 and re-designated as an executive Director and Chairman of our Board on 31 May 2019. Mr. Toh has close to four decades of entrepreneurial experience in the cleaning and construction industry. In October 1981, after completing his two years of national service in the Singapore Civil Defence Force, Mr. Toh founded Eng Leng Sub-Contractor as a sole proprietorship engaged in construction-related industry. A decade later, Mr. Toh incorporated Eng Leng, marking the founding of our Group. Mr. Toh is responsible for overseeing, identifying, developing and directing the implementation of business strategies of our Group to achieve our Group's vision and business objectives. He works with customers, suppliers, officials of government departments and regulatory bodies as well as creates and maintains links with other trade and professional associations. Under his leadership, Mr. Toh grew our Group from start-up almost three decades ago to become one of the leading service providers of cleaning solutions in Singapore today that employs over 1,500 employees.

Mr. Toh completed his secondary school education in December 1976 at Serangoon Secondary School in Singapore. Save as being the brother of Ms. Toh, our senior management, Mr. Toh does not have any relationship with other Directors and senior management.

**Mr. Peh Poon Chew**, aged 71, was appointed as a director of Eng Leng in August 2002 and a director of Titan in September 2010. He was appointed as a Director on 28 February 2019 and re-designated as an executive Director and chief operating officer of our Group on 31 May 2019. He joined our Group in June 2002 as operations director and is responsible for leading the operations department and providing guidance and management experience in operations management, including contracts start-up and run in and liaising with customers and suppliers. He is also responsible for interviewing and deploying cleaners, attending to complaints/feedback as well as conducting audit checks and controlling area operations. Mr. Peh has close to four decades of experience in the cleaning industry. Between October 1978 and prior to joining Eng Leng in January 2001, Mr. Peh established and/or acted as a director in several cleaning business engaged in a variety of cleaning services including general cleaning, sewage treatment, laundry and dry cleaning. Between July 1980 and May 2002, Mr. Peh worked for A&P Maintenance Service P/L as an operations director. He was responsible for, among others, to handle start-up of contracts, recruitment of cleaners, attend to complaints or meetings, conduct audit checks and reporting monthly to the managing director.



## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. Toh Lek Siew (卓麗秋女士)**, aged 56, was appointed as an executive Director on 2 June 2022. She is also the administrative and human resources director of our Group. She has over 25 years of experience in the administrative aspects of the cleaning industry. Ms. Toh started her career when she joined Eng Leng since its founding in June 1991 as a general clerk, in February 2008 as finance and administration director of Eng Leng and was responsible for all finance and administration matters of our Group, overseeing the financial management and reporting activities of our Group, monitoring the day-to-day financial operations within the Group, analysing market trend for business opportunities as well as ways to improve profitability. She also ensures the business meets all its statutory and compliance obligations including statutory accounting and tax issues and maintains office services by organising office operations and procedures and approving supply procurement. On 1 April 2019, she was re-designated as the administrative and human resources director of our Group. Ms. Toh completed the GCE “O” Level Certificate in Singapore in December 1985. She is the sister of Mr. Toh.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Koh How Thim (高厚琛先生)**, aged 65, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our remuneration committee. From August 2018 to March 2020, Mr. Koh was an independent director of Jasper Investments Limited, a company listed on the Singapore Stock Exchange (stock code: FQ7) (“**Jasper**”). Jasper is engaged in the provision of transportation services in the North Asian region, specifically catering to the infrastructure industry. Between September 2015 and December 2017, Mr. Koh was a Vice-Principal of Fairfield Methodist School (Secondary), a government autonomous secondary school in Singapore where he was responsible for the operations of the school which include finance, school facilities management, management of vendors/suppliers, procurement, parents school relationship, students’ discipline, safety and security of the school.

From November 2009 to January 2015, Mr. Koh was the executive director (finance) of JEP Holdings Limited (“**JEP**”), a company listed on the Singapore Stock Exchange (stock code: 1J4). JEP is a leading solution provider of precision machining and engineering services with over 30 years of operating history and a primary focus on the aerospace industry. Mr. Koh was responsible for the management of the finance and accounting operations, risk and control management, and corporate affairs of JEP.

Over the course of his professional career, Mr. Koh has accumulated experience in business functions such as financial management, compliance, treasury services, foreign exchange trading and has extensive business exposure across various industry sectors such as transportation, precision machining and engineering, oil and gas, aerospace, electronics, analytical laboratory instrument manufacturing, and banking. Before to joining JEP, Mr. Koh worked with a number of multinational financial institutions including acting as the head of compliance for Falcon Private Bank Ltd (formerly known as AIG Private Bank Ltd.) from October 2008 to November 2009 and the office manager of Union Bancaire Privee, a Swiss boutique bank.

Mr. Koh obtained the following academic qualifications: (a) Master of Business Administration degree from University of Leicester, U.K. in July 1993; (b) Bachelor of Arts (Accounting/Finance) Degree from Northumbria University, U.K. in April 2007; (c) Post Graduate Diploma in Human Resource Management, University of Luton, U.K. in October 1997; (d) Advanced Diploma in Business Administration, Association of Business Executives, U.K. in June 1990; and (e) Diploma in Business Administration, Association of Business Executives, U.K. in June 1990. He was admitted as a member of the Singapore Institute of Directors since July 2007.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. Tan Wu Hao (陳武豪先生)**, aged 37, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our nomination committee. He has over eight years of experience managing businesses in the interior fit-out and addition & alteration industries. Since 2011, Mr. Tan has joined his family business, Sunray Woodcraft Construction Pte Ltd (“**Sunray**”), after graduation and is currently the second generation driving the family business. His involvement in the company began at a very young age during his school holidays, started off in the business from the factory grounds and slowly progressed into projects involvement and elevated to management. Some of the iconic projects that he worked on are Marina Bay Sands, Resort World Sentosa, Pan Pacific Hotel, Shangri-La Hotel, Equarius Hotel, Chijmes building, SGX Office and Raffles Hotel. Among his achievements, Mr. Tan spearheaded the company’s expansion into new markets like Myanmar, China, Macau, Indonesia and Malaysia, with a long term vision and successfully grown Sunray’s brand abroad. Mr. Tan is instrumental in overseeing several key projects that were recognised with industry awards such as the BCA Green Mark Award and Architectural Heritage Award. With his entrepreneurial spirit, Mr. Tan also established a technology start up to develop a software application which provides technology, mixed-reality, artificial intelligence solutions to streamline work processes and increase efficiency and productivity for the stakeholders in the built environment sector.

**Mr. Wong Yuk (王旭先生)**, aged 52, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our audit committee. For over two decades, he has been involved in auditing and accounting and financial management with listed enterprises adopting international and PRC accounting standards, taxation, group reporting, internal control, credit control, risk management, company restructuring and company secretarial functions. Mr. Wong has extensive business exposure across industry sectors in automobile, construction, electronic gaming equipment, investment and financial consultation, IT solution, manufacturing, oil and gas, public utilities and professional audit. He also has extensive experience in the initial public offering process and investors’ relationship management. From March 2019 to February 2024, Mr. Wong was the company secretary of XXF Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2473), an established automobile rental service provider. Since August 2022, Mr. Wong has been serving as an executive director and company secretary (since 31 August 2023) of Tian Cheng Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2110), where he is primarily responsible for financial management and Company Secretarial matters. From 31 May 2023, Mr. Wong has been appointed as an executive director of Winto Group (Holdings) Limited, a company listed on GEM of the Stock Exchange (stock code: 8238), a publication and advertising provider.

Mr. Wong started his career in KPMG Hong Kong in September 1996 and left the firm as a senior accountant in April 1999. Mr. Wong also worked in various financial, accounting and compliance related roles for a number of Hong Kong and Singapore listed companies since 1999, including subsidiaries of the Swire Group, Hong Kong and China Gas Company Limited, Lung Kee Metal Ltd., China Oilfield Technology Services Group Limited, Yuanda China Holdings Limited, Success Dragon International Holdings Limited and Huanian Xinxing Chanye Jituan Company Limited respectively.

Mr. Wong obtained a bachelor of arts degree in Accountancy from the Hong Kong Polytechnic University in November 1996. He is a member of the Hong Kong Institute of Certified Public Accountants since January 2004 and a Fellow Member of the Association of Chartered Certified Accountants since August 2005.



## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Lew Chern Yong (劉振榮先生)**, aged 50, was appointed as an independent non-executive Director with effect from 1 September 2023 and is the chairman of the nomination committee and a member of each of the audit committee and the remuneration committee. He obtained a Bachelor's Degree in Accountancy with a Minor in Banking and Finance from the Nanyang Technological University in Singapore in 1997. He is currently an independent non-executive director of Eggriculture Foods Ltd., a company listed on The Stock Exchange of Hong Kong Limited (stock code: 8609), and Euda Health Limited, a company listed on NASDAQ (stock code: EUDAW), both advising on fundraising and mergers & acquisitions matters. From March 2019 to July 2022, Mr. Lew was the executive chairman of Y Ventures Ltd., a data driven e-commerce company based in Singapore. From September 2003 to March 2019, he was an executive director of Wong Fong Industries Ltd., a company listed on the Singapore Stock Exchange (Catalyst) (stock code: 1A1) and is primarily engaged in the provision of land transport engineering solutions and systems. From July 2000 to June 2002, he worked at a program executive of TOUCH Community Services, a Singapore charity organization, responsible for planning and running programs for schools and communities. From July 1997 to April 2000, Mr. Lew started his career as an auditor with KPMG Services Pte. Ltd., covering a wide range of industries such as manufacturing, technology, banking and finance.

**Mr. Leung Chi Hang, Benson (梁志恒先生)**, aged 45, was appointed as an independent non-executive Director with effect from 5 April 2024 and is the chairman of the remuneration committee and a member of each of the nomination committee and the audit committee. He is a finance executive with over 20 years of experience in corporate finance, accounting and capital market transactions. Mr. Leung has been the Head of Financial Reporting of Newlinks Technology Limited since June 2023, where he leads the accounting and financial reporting of Newlinks Technology Limited and NAAS Technology Inc., its subsidiary listed on NASDAQ (Nasdaq: NAAS). Prior to joining Newlinks Technology Limited, Mr. Leung was a partner at PricewaterhouseCoopers Hong Kong and PricewaterhouseCoopers China between 2013 and 2022 where he had led various audit and capital market engagements. Before his admission as a partner, Mr. Leung had served at offices of PricewaterhouseCoopers Hong Kong and the United States from 2000 to 2013. Mr. Leung has been an independent non-executive director of Chengdu Expressway Co., Ltd., a company listed on The Stock Exchange of Hong Kong Limited (stock code: 1785), since September 2022.

Mr. Leung graduated from the University of Warwick in the United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a certified Financial Risk Manager and a certified ESG Analyst.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT



### SENIOR MANAGEMENT

**Ms. Leann Koh Bee Khee (高美琪女士)**, aged 40, is the business development director of our Group. She has over 16 years of experience in business development in the building cleaning industry. Ms. Koh joined our Group in July 2004 as a business development executive and rose through the ranks over the next 12 years to become business development director in October 2016. She is primarily responsible for the business development operations; overseeing the team's sales reports and market feedbacks; pricing strategies for tenders; delegating the teams for tender invitations; as well as ensuring the team adhere to our Group's standard operating procedures for tenders. She also establishes and cultivates strong rapport with suppliers and customers and keeps management updated on the latest technologies and equipment development. Prior to joining our Group, Ms. Koh worked for Empire City Consultants Pte Ltd as property officer between June 2003 and July 2004.

Ms. Koh obtained a Diploma in Building & Real Estate Management from Ngee Ann Polytechnic in Singapore in June 2003 and a Bachelor Degree of Science in Facilities Management from Heriot-Watt University in July 2008 (through long distance learning).

**Mr. Lin Jiayang (林家揚先生)**, aged 35, joined our Group in April 2019 as the financial controller. He leads the finance team and is responsible for accounting operations and reporting, financial planning as well as internal control systems of our Group. Mr. Lin has over six years of experience in accounting and auditing with PricewaterhouseCoopers LLP and Deloitte & Touche LLP. Prior to joining our Group, Mr. Lin worked at PricewaterhouseCoopers LLP from October 2014 to March 2019 where he led various teams in providing audit and assurance services to local listed companies, educational institutions and multinational corporations. His last position was an assurance manager. He was also part of a team of reporting accountants for an initial public offering project on the Hong Kong Stock Exchange of a business based in Singapore. Between October 2012 to October 2014, he worked at Deloitte & Touche LLP and his last position held was an audit senior.

Mr. Lin obtained a Bachelor of Accountancy Degree with Honours from the Nanyang Technological University, Singapore, in June 2012. Mr. Lin has been admitted as an Associate (ISCA) of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) since January 2013 and qualified as a Chartered Accountant of Singapore in February 2016.

**Mr. Tay Yee Gin Eugene (鄭宇晉先生)**, aged 37, joined the Group as the managing director of Eng Leng in December 2021. He was appointed as the deputy chief executive officer of the Group with effect from 2 June 2022. Prior to joining the Group, Mr. Tay was the vice president of United Overseas Bank Limited from June 2011 to December 2021 where he was responsible for managing the bank's hire purchase portfolio as the product manager for business banking. From June 2010 to June 2011, he was a relationship manager at Orix Leasing Singapore Limited working with small and medium enterprises with their financing needs. From August 2007 to June 2010, he was a senior officer at United Overseas Bank Limited. From May 2007 to August 2007, he was a credit processing officer at Maybank.

Mr. Tay obtained a Bachelor of Science (Honors) in Accounting & Finance from the Singapore Institute of Management (University of London) in August 2010 and a Diploma in Business Information Technology (E-Business Management) from Singapore Polytechnic (School of Business) in July 2005.





## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

### COMPANY SECRETARY

**Mr. Lau Chung Wai (劉仲緯先生)**, aged 41, was appointed as the secretary of our Company on 22 December 2019.

Mr. Lau has over 17 years of experience in accounting and finance. He worked at Ernst & Young Group Limited (currently known as Ernst & Young) from September 2004 to September 2011, with his last position as a manager in the Assurance Department. From September 2011 to April 2013, he was a finance manager in a media company, Starcom Worldwide, which is a subsidiary of Publicis Groupe SA, a company listed on the Euronext Paris (stock code: PUB). From May 2013 to July 2015, he was a group financial controller of an enterprise engaging in the manufacturing of furniture and home decoration products in the PRC. From August 2015 to March 2019, he was the chief financial officer and company secretary of Da Sen Holdings Group Limited, a company listed on the Main Board (stock code: 1580), and was responsible for overseeing the investment, legal and financial affairs. Since March 2019, he has been the chief financial officer and company secretary of Kwung's Holdings Limited, a company listed on the Main Board (stock code: 1925) and primarily engaged in original design manufacturer and supplier of home decoration products, and is responsible for overseeing the investment, compliance and financial affairs.

Mr. Lau has been serving as a company secretary of MaxWin International Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8513), since August 2017, primarily responsible for the company secretarial matters of the group. He has also been serving as an independent non-executive director of Metropolis Capital Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8621) and Fufeng Group Limited (formerly known as China Fufeng Fermentation Technology Group Company Limited and China Fufeng Fermentation Technology Group Holdings Company Limited), a company listed on the Main Board (stock code: 0546), since November 2018 and June 2019 respectively.

Mr. Lau graduated from the Hong Kong University of Science and Technology with a degree of bachelor of business administration in accounting in November 2004. He was admitted as a certified public accountant of HKICPA in January 2008 and a fellow member of HKICPA in May 2015.



The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

### GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 28 February 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company listed its Shares on the Main Board of the Stock Exchange on 3 July 2020.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of cleaning services. Particulars of the subsidiaries are set out in note 27 to the consolidated financial statements.

### BUSINESS REVIEW

A review of the Group's business during the year ended 31 December 2023, which includes a discussion of the principal challenges and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" in this annual report. The review and discussion form part of this directors' report.

### ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

The environmental, social and governance report is set out in pages 41 to 66 of this annual report.

### DONATIONS

During the Reporting Period, charitable and other donations made by the Group amounted to S\$13,000.

### PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is subject to different risks in the operations of its business and the Group strives to ensure effective risk management system is in place. Major operational risks faced by the Group include, among others, fixed duration of our service contracts from one to three years, cost overruns, potential change in progressive wage model requirements in Singapore, and risks of payment of liquidated damages.

In addition, the Group is also exposed to market risks, including interest rate, credit and liquidity risks that are associated with our ordinary course of business. Details of the above risks and mitigation thereof are set out in Note 32 of the consolidated financial statements.





## REPORT OF THE DIRECTORS

### ANNUAL GENERAL MEETING

The forthcoming AGM will be held on 30 May 2024. Notice of the AGM will be published and issued to the Shareholders in due course.

### RESULTS

The Group's results for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and comprehensive income on pages 72 to 73 of this annual report.

The Board has recommended the payment of a final dividend of S\$0.0015 per Share for the year ended 31 December 2023, payable on 24 June 2024 subject to the approval of the Shareholders at the AGM.

### DIVIDENDS POLICY

The dividend policy of the Company (the "**Dividend Policy**") is in place to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Group. Accordingly, the Dividend Policy aims to allow Shareholders to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

The declaration and recommendation of dividends is subject to the decision of the Board at its absolute discretion and subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, applicable laws and the Articles, and other factors of and affecting the Group.

The Board shall review and reassess the Dividend Policy and its effectiveness in its sole and absolute discretion on a regular basis or as required.

### CLOSURE OF REGISTER OF MEMBERS

- (a) For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024, both dates inclusive, during which period no transfer of its shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Friday, 24 May 2024.
- (b) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed from Wednesday, 5 June 2024 to Thursday, 6 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 4 June 2024.



## FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 5 of this report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 17 to the consolidated financial statements of this annual report.

## SHARE CAPITAL

Details of movement in the Company's share capital during the year ended 31 December 2023 are set out in note 21 to the consolidated financial statements.

## RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2023 and the reserves available for distribution to the Shareholders as at 31 December 2023 are set out in the consolidated statement of changes in equity set out on page 76 of this annual report.

## BORROWINGS

As at 31 December 2023, the Group had outstanding bank borrowings of approximately S\$3,956,000. Details of the borrowings are set out in note 23 to the consolidated financial statements.

## 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 2023.

Other than the Share Option Scheme, there have been no option, convertible securities or similar rights or arrangements, issued or granted by the Group during the year ended 31 December 2023 and as at the date of this annual report.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

## USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds raised by the Company from the Listing were approximately S\$11.8 million (after deduction of the underwriting commissions in respect of the Listing and other estimated expenses).

## REPORT OF THE DIRECTORS

Set out below are the details of the allocation of the net proceeds (as revised in the announcement of the Company dated 21 December 2023), the utilised and unutilised amounts of the net proceeds as at 31 December 2023:

	<b>Revised allocation of the net proceeds as disclosed in the announcement of the Company dated 21 December 2023 S\$'000</b>	<b>Approximate percentage of the total net proceeds</b>	<b>Utilised amounts as at 31 December 2023 S\$'000</b>	<b>Unutilised amounts as at 31 December 2023 S\$'000</b>	<b>Estimated completion of utilisation</b>
Acquisition of landscaping company	1,774	15.0%	–	1,774	31 Dec 2025
Purchase of waste disposal equipment	605	5.1%	404	201	31 Dec 2025
Hiring of waste disposal staff	627	5.3%	461	166	31 Dec 2025
Cash flow mismatch	6,170	52.2%	4,982	1,188	31 Dec 2024
Hiring of sales and marketing staff	166	1.4%	166	–	N/A
Hiring of safety officers	296	2.5%	21	275	31 Dec 2025
Purchase of software and systems	284	2.4%	114	170	31 Dec 2025
Leasing of automated machinery and equipment	721	6.1%	425	296	31 Dec 2025
General working capital	<u>1,182</u>	<u>10%</u>	<u>1,182</u>	<u>–</u>	N/A
<b>Total</b>	<b><u>11,825</u></b>	<b><u>100%</u></b>	<b><u>7,755</u></b>	<b><u>4,070</u></b>	

## DIRECTORS

The Directors in office during the year ended 31 December 2023 and as at the date of this annual report were as follows:

### Executive Directors

Mr. Toh Eng Kui  
Mr. Peh Poon Chew  
Ms. Toh Lek Siew



## Independent Non-executive Directors

Mr. Koh How Thim (*resigned with effect from 5 April 2024*)  
Mr. Tan Wu Hao (*resigned with effect from 1 September 2023*)  
Mr. Wong Yuk  
Mr. Lew Chern Yong (*appointed with effect from 1 September 2023*)  
Mr. Leung Chi Hang, Benson (*appointed with effect from 5 April 2024*)

In compliance with Rule 3.09D of the Listing Rules which took effect on 31 December 2023, Mr. Leung Chi Hang Benson, who was appointed as an independent non-executive Director with effect from 5 April 2024, obtained the legal advice referred to in Rule 3.09D on 21 March 2024, and Mr. Leung has confirmed that he understood his obligations as a director of the Company.

## BIOGRAPHY DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 9 to 14 in the section headed “Profile of Directors and Senior Management” to this annual report.

## DIRECTORS’ SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other, which notice shall not expire until after the fixed term. Mr. Koh How Thim has tendered notice of resignation on 5 January 2024 and his last day of service was 5 April 2024.

Each of our independent non-executive Directors has entered into a letter of appointment with us for an initial fixed term of one year commencing from the Listing Date or between one and three years commencing from appointment date, and will continue thereafter until terminated by not less than three months’ notice in writing served by the independent non-executive Director to our Company or with immediate effect following the notice in writing served by our Company to the non-executive Director.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

## DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed “Non-exempt Continuing Connected Transaction” and otherwise disclosed in this annual report, no Director or its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2023 and up to the date of this annual report.



## REPORT OF THE DIRECTORS

Save as disclosed in the paragraph headed “Non-exempt Continuing Connected Transaction” and otherwise disclosed in this annual report, none of the Controlling Shareholder or any of its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2023 and up to the date of this annual report.

During the year ended 31 December 2023 and up to the date of this annual report, no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders of the Company or any of its subsidiaries.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2023 and up to the date of this annual report.

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group’s operating results, individual performance and comparable market statistics.

Details of the Directors’ emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 13 and 14 to the consolidated financial statements in this annual report.

For the year ended 31 December 2023, no emoluments were paid by the Group to any Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors had waived any emoluments for the year ended 31 December 2023.

The Directors and senior management may also receive options to be granted under the Share Option Scheme. For further details of the Share Option Scheme, please refer to the paragraph headed “Share Option Scheme”.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 2,464 full-time employees and 145 part-time employees (as at 31 December 2022: 1,736 full-time employees and 168 part-time employees). The total remuneration cost (including directors’ fee) incurred by the Group for the year ended 31 December 2023 was S\$44,158,000 (2022: S\$38,280,000).

The remuneration policy and package of the Group’s employees are periodically reviewed in accordance with industry practice and financial results of the Group. The Group provides internal trainings to its employees.



## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 9 to the consolidated financial statements.

Except as disclosed above, no other payments had been made or were payable, for the year ended 31 December 2023, by our Group to or on behalf of any of the Directors.

## MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the year ended 31 December 2023.

## LOAN AND GUARANTEE

During the year ended 31 December 2023, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling shareholders of the Company or their respective connected persons.

## EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2023, the Company did not enter into any equity-linked agreement.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2023, the Group has entered into the following continuing connected transactions pursuant to Chapter 14A of the Listing Rules (the "**Continuing Connected Transactions**"):

On 11 June 2020, Eng Leng and 2K Services Pte Ltd entered into a framework agreement pursuant to which Eng Leng has subcontracted certain cleaning services awarded under tenders and quotations to our Group to 2K for a period commencing on the Listing Date and expiring on 31 December 2022. On 11 February 2022, Eng Leng and 2K entered into a new framework agreement which (i) covers contracts between Eng Leng and its two other customers in addition to those with the existing customers covered by the original framework agreement and (ii) will expire on 31 December 2024. The original framework agreement was terminated pursuant to and upon entering into of the new framework agreement on 11 February 2022.

2K Services Pte Ltd is a majority-controlled company (as defined in Rule 14A.06(23) of the Listing Rules) wholly-owned by Mr. Recoil Koh Wei Lun, the brother of Ms. Leann Koh Bee Khee ("**Ms. Koh**"), a director of Eng Leng, and is thus an associate of Ms. Koh under Rule 14A.12(2)(b) of the Listing Rules. 2K is therefore a connected person of our Company.



## REPORT OF THE DIRECTORS

The total amounts paid to 2K during the year ended 31 December 2023 was S\$309,307, which was below the annual cap of S\$822,000.

### Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Continuing Connected Transactions and confirmed that during the year ended 31 December 2023:

- (i) the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group;
- (ii) the Continuing Connected Transactions are on normal commercial terms; and
- (iii) the Continuing Connected Transactions have been entered into in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

### Confirmation of the Auditor

The Company's auditor has carried out procedures on the Continuing Connected Transactions, and has provided a letter to the Directors with a copy to the Stock Exchange, confirming that in respect of the Continuing Connected Transactions disclosed in this annual report:

- a. nothing has come to their attention that causes them to believe that the disclosed Continuing Connected Transactions have not been approved by the Board;
- b. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- c. with respect to the aggregate amount of the Continuing Connected Transactions, nothing has come to their attention that causes them to believe that the disclosed Continuing Connected Transactions have exceeded the annual cap as set by the Company.

## CONNECTED TRANSACTIONS

During the year ended 31 December 2023, save as disclosed in the section headed "Non-exempt Continuing Connected Transactions" above in this report, the Group had not entered into any other connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.



## RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2023 are set out in note 29 to the consolidated financial statements contained herein. Save as disclosed in the section headed “Non-exempt Continuing Connected Transactions” above in this report, none of the related party transactions set out in note 29 to the consolidated financial statements constitute non-exempt connected transactions or continuing connected transactions of the Company.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## SHARE OPTION SCHEME

### Summary of Principal Terms

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the then shareholder of our Company passed on 8 June 2020 and adopted by a resolution of the Board on 8 June 2020 (the “**Adoption Date**”). The remaining life of the Share Option Scheme is approximately 7 years.

#### 1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

#### 2. Who may join

The Board may, at its absolute discretion, offer options (“**Options**”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Executive**”), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“**Employee**”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;





## REPORT OF THE DIRECTORS

- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group;
- (g) an associate of any of the persons referred to in paragraphs (a) to (f) above; and
- (h) any person involved in the business affairs of our Company whom our Board determines to be appropriate to participate in the Share Option Scheme (the person referred above are the “**Eligible Persons**”).

### 3. **Maximum number of Shares**

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (such 10% limit representing 200,000,000 Shares) excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option granted by our Company (the “**Scheme Mandate Limit**”) provided that:

- (a) our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules;
- (b) our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company shall issue a circular to our Shareholders containing the details and information required under the Listing Rules; and
- (c) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Group shall not exceed 30% of our Company's issued share capital from time to time. No Options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.



#### **4. Maximum entitlement of each participant**

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of our Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

#### **5. Offer and grant of Options**

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

#### **6. Granting Options to connected persons**

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of our Company (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of our Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5.0 million, such further grant of Options must be approved by our Shareholders (voting by way of a poll).



## REPORT OF THE DIRECTORS

Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

Approval from our Shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

### **7. Minimum holding period, vesting and performance target**

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

### **8. Amount payable for Options and offer period**

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the “**Acceptance Date**”). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option.

To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.



### 9. **Subscription price**

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

### 10. **Life of Share Option Scheme**

Subject to the terms of this Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

### **Options Granted, Exercised, Lapsed or Cancelled**

Since the adoption of the Share Option Scheme and during the year ended 31 December 2023, no Option under the Share Option Scheme has been granted, exercised, lapsed or cancelled. No Option is outstanding as at 31 December 2023.

The total number of Shares available for issue under the Share Option Scheme as at the date of this annual report was 200,000,000, representing 10% of the Company's number of issued shares as at the date of this annual report.

The number of Options available for grant as at 1 January 2023 and 31 December 2023 was 200,000,000, representing 10% of the Company's number of issued shares at the relevant timing.



## REPORT OF THE DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (i) Long position in the Shares, underlying shares and debentures of the Company

Name of director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Mr. Toh Eng Kui	Interest in a controlled corporation <sup>(1)</sup>	1,500,000,000	75%

Note:

<sup>(1)</sup> TEK Assets Management Limited is owned as to 100% by Mr. Toh Eng Kui. Accordingly, Mr. Toh Eng Kui is deemed to be interested in all the Shares held by TEK Assets Management Limited under the SFO.

#### (ii) Long position in the Shares, underlying shares and debentures of associated corporations

##### *Eng Leng (Thailand) Co., Ltd.*

Name of director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Mr. Toh Eng Kui	Beneficial owner	250	0.5%



Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2023, none of the Directors or the chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) and entities had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO:

### Long position in the Shares, underlying shares and debentures of the Company

Name of shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding interest
TEK Assets Management Limited	Beneficial owner	1,500,000,000	75%
Ms. Chua Seok Joo	Interest of spouse <sup>(1)</sup>	1,500,000,000	75%

Note:

<sup>(1)</sup> Ms. Chua Seok Joo is the spouse of Mr. Toh Eng Kui and she is thus deemed to be interested in all the Shares held by Mr. Toh Eng Kui under the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2023, no other persons (other than a Director or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO.

### Directors' Right to Acquire Shares or Debentures

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.



## REPORT OF THE DIRECTORS

### MAJOR CUSTOMERS AND SUPPLIERS AND SUBCONTRACTORS

We are engaged by various customers in the public and private sectors of Singapore, comprising Singapore Government agencies, statutory boards and town councils (including the management agents appointed by them) in the former, and private corporations including real estate management boards, MCSTs for private shopping malls, hotels and educational institutions in the latter. For the year ended 31 December 2023, revenue from the Group's largest customer accounted for 9.1% of the Group's revenue and the Group's five largest customers accounted for 30.2% of the Group's revenue.

None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any beneficial interest in the Group's five largest customers.

Our purchases are mainly from suppliers in Singapore and includes suppliers of consumables and equipment as well as third party service providers. Our main purchases include cleaning supplies, and tissue and washroom supplies. In some cases, we may choose to delegate some parts of our works such as external facade cleaning, waste management and disposal, project management, labour supply and hygiene services to our subcontractors. Our subcontractors are generally responsible for supplying or procuring the necessary materials for their works. During the year ended 31 December 2023, the Group's largest subcontractor accounted for 47.2% of the Group's total purchases. The Group's five largest suppliers and subcontractors accounted for 66.2% of the Group's total purchases.

None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any beneficial interest in the Group's five largest suppliers.

### TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Group and to the best knowledge of the Directors, the Group maintained sufficient public float as the public Shareholders held not less than 25% of the issued share capital of the Company as required by the Listing Rules.



## PERMITTED INDEMNITY PROVISIONS

Pursuant to article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Furthermore, the Company has arranged appropriate liability insurance in respect of legal proceedings against the Directors.

## AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Board and external auditor, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2023.

## CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole.

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

## AUDITOR

PricewaterhouseCoopers, former auditor of the Company, resigned as the auditor of the Company with effect from 16 April 2021. HLB Hodgson Impey Cheng Limited was appointed as the new auditor of the Company with effect from 20 April 2021 to fill the casual vacancy following the resignation of PricewaterhouseCoopers.

HLB Hodgson Impey Cheng Limited was appointed as the Company's auditor for the year ended 31 December 2023. The accompanying consolidated financial statements prepared in accordance with IFRSs have been audited by HLB Hodgson Impey Cheng Limited. HLB Hodgson Impey Cheng Limited shall retire at the AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the Company's auditor will be proposed at the AGM.

On behalf of the Board  
**Toh Eng Kui**  
*Chairman*





## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company wholeheartedly dedicates itself to upholding the highest ethical principles in all its endeavors. This conviction stems from the understanding that achieving long-term goals necessitates operating with integrity, openness, and responsibility. The Company is confident that by adhering to these principles, it will ultimately enhance shareholder value and bring about advantages for its workforce, business associates, and the communities it serves.

The practice of corporate governance involves directing the Group's management by the Board to ensure the accomplishment of the Company's goals. The Board is devoted to establishing and refining solid corporate governance procedures aimed at guaranteeing (i) substantial and enduring returns for Shareholders; (ii) the protection of the interests of those who engage with the Company; (iii) comprehensive comprehension and suitable management of business risks; (iv) the provision of premium products and services that meet customer expectations; and (v) the preservation of exceptional ethical standards. The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and has complied with the code provisions during the year ended 31 December 2023, save and except for code provision C.2.1, details of which are explained below.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for securities transactions conducted by relevant Directors. After making specific enquires to all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the period from the Listing date and up to the date of this annual report.

### BOARD OF DIRECTORS

The Board is responsible for leading and directing the Group's business through formulation of overall strategies and policies, evaluation of performance and overseeing the management function. In discharging its duties, the Board acts in good faith with due diligence and care, and makes decisions in the best interests of the Company and its shareholders. The execution of strategies and implementation of policies in the Group's daily operations are delegated to the management team. The Company provides the Directors with sufficient resources to perform their duties and the Directors may seek independent professional advice at the Company's cost, where it is considered relevant and necessary for the purpose of discharging their duties.

The Company has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.



The composition of the Board and the attendance record of each Director at board meetings and AGM during the year ended 31 December 2023 are as below.

	<b>Attendance/ Meeting held</b>	<b>AGM attended/ AGM held</b>
<b>Executive Directors</b>		
Mr. Toh Eng Kui	4/4	1/1
Mr. Peh Poon Chew	4/4	1/1
Ms. Toh Lek Siew	4/4	1/1
<b>Independent non-executive Directors</b>		
Mr. Koh How Him	4/4	1/1
Mr. Lew Chern Yong ( <i>appointed on 1 September 2023</i> )	2/2	0/0
Mr. Wong Yuk	4/4	1/1
Mr. Tan Wu Hao ( <i>resigned on 1 September 2023</i> )	2/2	1/1

Biographic details of and the relationship amongst the Directors are presented in the section headed “Profiles of Directors and Senior Management” of this annual report. A list of the Directors identifying their roles and functions is available on the Stock Exchange’s and the Company’s website.

Except as disclosed above or otherwise in this annual report, there is no other relationship (including financial, business, family or other material/relevant relationship(s) among the Board members.

Each of the Directors has participated in continuous professional development seminar organised by the Company to develop their knowledge and skills during the year.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, all independent non-executive Directors will continue to make various contributions to the Company.

For the period from the Listing Date and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors represents at least one-third of the Board.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers that each of them to be independent by reference to the Rule 3.13 of the Listing Rules.

The composition of the Board provides sufficient balance of skills, experience and diversity of perspectives in leading the Company to achieve its goal and the independent non-executive Directors provide independent judgment in the Board’s overall decision making process.



## CORPORATE GOVERNANCE REPORT

### MECHANISM FOR ENSURING INDEPENDENT VIEWS AND INPUT

The Board has in place a mechanism for ensuring independent views and input are available to the Board. Half of the Board comprises of independent non-executive Directors. They have full and timely access to the Group's information, and are entitled to seek advice from the company secretary as well as independent professional advisers at the Company's expenses in appropriate circumstances. These independent non-executive Directors (including independent non-executive Directors) provide a balance in the Board, bring in view and opinion independent of the executive Directors and the management, and oversee the Group's operation and corporate action.

Periodic review and evaluation are also being conducted to assess the Board and management's performance, monitoring and enhancing the effectiveness of the Company's governance structure and mechanism.

### FUNCTIONS, ROLES AND RESPONSIBILITIES OF THE BOARD

The Board, headed by the chairman of the Board (the "**Chairman**"), is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

The executive Directors are responsible for day-to-day management of the Company's operations, financial management and conducting meetings with senior management of the Group, at which operational issues and financial performance are evaluated.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration, operation of the Company and so forth, are reviewed by the Board on a periodic basis. The management shall report back to the Board.

In addition, the Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

#### **Board Meetings**

The Company's articles of association sets out the responsibilities and proceedings of the Board. The Board meets regularly, at least four times a year, to consider operational reports and policies of the Company. Significant operational policies are discussed and passed by the Board. Not less than 14 days' notices are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board Committee meetings, reasonable notice is generally given in the circumstances.

The Company Secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of the Board meetings and committee meetings are recorded in sufficient details in respect of matters considered by the Board and committees and the decisions reached. Final version of these minutes are available for inspection by Directors.



## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Save as disclosed in this annual report, there is no change in information of directors during the year ended 31 December 2023 and up to the date of this annual report.

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years, while each of the independent non-executive Directors has been appointed for an initial fixed term of one year or three years.

Notwithstanding the specific term of appointment, provisions of the Company's articles of associations require that every Director is subject to retirement by rotation at an annual general meeting at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to the Company's articles of association, at least one-third of the Directors shall retire from office but are eligible for re-election by the Shareholders at each annual general meeting of the Company and each Director shall retire on a rotational basis at least once every three years.

## BOARD DIVERSITY POLICY

The Board has adopted a policy of the Board diversity (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategy. Pursuant to the Board Diversity Policy, selection of candidates for Directors will be based in a range of diversity perspectives, including but not limited to professional experience, gender, age, culture, independence, educational background, knowledge, expertise and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Board believes that such merit-based appointments will best enable our Company to serve the Shareholders and other stakeholders going forward. Our Board comprises 1 female Director and 5 male Directors.

The Nomination Committee is responsible for reviewing and monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy.

## GENDER DIVERSITY IN THE WORKFORCE

As at 31 December 2023, among our workforce (including senior management), 42.2% are male and 57.8% are female. We advocate in creating a diverse and respectful working environment, oppose any form of discrimination, and strive to provide an inclusive, safe, diverse and anti-discriminatory work environment for employees of all backgrounds. We treat candidates and employees with equal respect regardless of race, gender, age and marital status, and consider only their ability and suitability for the position, and are committed to ensuring that the recruitment and promotion process is free from discrimination.

Notwithstanding the fact that we have not set a measurable objective for achieving gender diversity at the workforce level, the Company is committed to the approach based on merits and diversity, aiming to provide equal consideration and opportunities to all qualified candidates regardless of gender in terms of hiring and promotion process.



# CORPORATE GOVERNANCE REPORT

## DIVIDEND POLICY

Subject to the constitutional documents and applicable laws, our Company may from time to time declare dividends in any currency to be paid to the Shareholders in the general meeting but no dividend shall be declared in excess of the amount recommended by the Board. Please refer to the section headed “Dividend Policy” in the Directors’ Report for further details of the dividend policy of the Company.

## BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established three committees for overseeing the performance of specific functions which are set out in written terms of reference for each committee. The composition of each committee and attendance of members at committee meeting held during the year ended 31 December 2023 are as follows:

<b>Composition of Board Committees</b>	<b>Audit Committee</b>	<b>Nomination Committee</b>	<b>Remuneration Committee</b>
	Attendance/Number of meetings held (C=Chairman; M=Member of the Committee)		
Mr. Koh How Thim	2/2 (M)	2/2 (M)	2/2 (C)
Mr. Lew Chern Yong <i>(appointed on 1 September 2023)</i>	0/0 (M)	0/0 (C)	0/0 (M)
Mr. Wong Yuk	2/2 (C)	2/2 (M)	2/2 (M)
Mr. Tan Wu Hao <i>(resigned on 1 September 2023)</i>	2/2 (M)	2/2 (C)	2/2 (M)

### Audit Committee

The Audit Committee comprises, Mr. Koh How Thim, Mr. Tan Wu Hao (resigned on 1 September 2023), Mr. Lew Chern Yong (appointed on 1 September 2023) and Mr. Wong Yuk, all of whom are independent non-executive Directors. Mr. Wong Yuk is the chairman of the Audit Committee.

The Audit Committee was established in December 2019 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the Group’s financial reporting process and internal control and risk management system, recommend the appointment/removal of external auditors and to provide advice and comments to the Board on matters related to corporate governance.

During the year ended 31 December 2023, the audit committee has met two times to, among others, review the annual results and interim results, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and scope of work and appointment of external auditors. For the year ended 31 December 2023, the Audit Committee also met once with the external auditors without the presence of the executive Directors to discuss, among others, the Group’s annual financial results and adequacy of the Group’s internal control system.

The Group’s internal control and risk management systems are reviewed by management regularly. With the aim of enhancing the Group’s internal control and risk management systems, during the year ended 31 December 2023 the Group has appointed an independent consultant to act as its internal audit function to review the Group’s internal control system and recommend actions to improve the Group’s internal controls. The Audit Committee is of the view that the Group’s internal control and risk management systems were generally effective and adequate for the year ended 31 December 2023.



## Nomination Committee

The Nomination Committee comprises Mr. Koh How Thim, Mr. Tan Wu Hao (resigned on 1 September 2023), Mr. Lew Chern Yong (appointed on 1 September 2023) and Mr. Wong Yuk, all of whom are independent non-executive Directors. Mr. Lew Chern Yong is the chairman of the Nomination Committee and Mr. Tan Wu Hao is the former chairman of the Nomination Committee.

The Nomination Committee was established in December 2019 with written terms of reference in compliance with the CG Code.

The primary duties of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management. It identifies individuals suitably qualified to become Board members and makes recommendations to the Board on the selection of individuals nominated for directorships by considering factors including perspective, skills and experience that the individual can bring to the Board, and the contribution to diversity of the Board (as set out in the diversity policy of the Board as approved by the Board from time to time). The Board is ultimately responsible for selection and appointment of new Directors.

During the year ended 31 December 2023, the Nomination Committee held two meetings during which its members reviewed the structure, size, composition and diversity of the Board. The Nomination Committee has also reviewed the independence of independent non-executive Directors, considered the retirement and proposal for appointment of Directors at the Company's forthcoming annual general meeting.

## Remuneration Committee

The Remuneration Committee comprises Mr. Koh How Thim, Mr. Tan Wu Hao (resigned on 1 September 2023), Mr. Lew Chern Yong (appointed on 1 September 2023) and Mr. Wong Yuk, all of whom are independent non-executive Directors. Mr. Koh How Thim is the chairman of the Remuneration Committee.

The Remuneration Committee was established in December 2019 with written terms of reference in compliance with the CG Code.

The primary duties of the remuneration committee are to make recommendations to the Board on our Company's policy and structure concerning the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, review and approve performance based remuneration by reference to corporate goals and objectives, to determine the terms of the specific remuneration package of each executive Director and senior management and to ensure none of our Directors determine their own remuneration.

During the year ended 31 December 2023, the Remuneration Committee held two meetings during which its members reviewed the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management and other related matters of the Company and make recommendations in these aspects to the Board.

Two of the senior management's emoluments fell within the emolument band of HK\$1,000,001 to HK\$1,500,000 (2022: 1) and one of the senior management's emoluments fell within the emolument band of HK\$500,001 to HK\$1,000,000 (2022: 2).

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year ended 31 December 2023, Mr. Toh Eng Kui, the chairman of the Company, was also the chief executive officer of the Company. The Board believed that vesting the roles of both chairman and chief executive officer in the same person could ensure consistent leadership within the Group, as well as effective and efficient overall strategic planning for the Group. The Board was also of the view that such arrangement did not impair the balance of power and authority in the Group, which had been adequately ensured by the Board comprising experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors and having Mr. Tay Yee Gin Eugene as the deputy chief executive officer of the Company.

## EXTERNAL AUDITOR

The auditors are HLB Hodgson Impey Cheng Limited. HLB Hodgson Impey Cheng Limited provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) for the year ended 31 December 2023.

The remuneration paid/payable to the Company's auditors for the year ended 31 December 2023 is as below:

	S\$'000
Audit services	
– HLB Hodgson Impey Cheng Limited	121
Non-audit services	–
	<hr/>
	121
	<hr/> <hr/>

The statement of the auditors regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 67 to 71 of this annual report.

## DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements of the Company for the year ended 31 December 2023. The responsibilities of the Company's auditor on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 67 to 71 of this annual report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.





## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of risks associated with the Group's operation. The Board reviews the Group's internal control system on an ongoing basis so as to ensure the system's effectiveness in providing reasonable assurance in relation to the protection of material assets and the Shareholders' interests. The Company has developed system of internal control and risk management for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new system and oversees portfolio management. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the internal audit function (either in-house or outsourced) assists the Audit Committee to review the first and second lines of defence. The Company has designated the finance department to oversee the performance of the internal audit function and the review of the Group's internal control and risk management system and support the Board in assessing the effectiveness of such system annually.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through an ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by its internal audit function, the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's internal control and risk management systems for the year ended 31 December 2023, covering the material financial, operational and compliance controls, which are considered effective and adequate. The Audit Committee has reviewed the adequacy of resources, qualifications and experience, training and budget of the accounting, internal audit and financial reporting functions on an annual basis.

The Company may also engage external consultant to conduct independent review of the risk management and internal control system and will adopt their recommendations as appropriate.

To improve the Group's corporate governance and prevent future violations, the Group has adopted inside information policy which sets out guidelines to the employees of the Group to ensure inside information is to be disseminated to the public in equal, timely and effectively manner in accordance with the SFO, the Listing Rules and all other applicable rules and regulations.

## COMPANY SECRETARY

The company secretary of the Company, Mr. Lau Chung Wai, is an external service provider. The Company's primary contact with the company secretary is our chairman, Mr. Toh Eng Kui.

In compliance with Rule 3.29 of the Listing Rules, Mr. Lau Chung Wai undertook not less than 15 hours of relevant professional training to update his skills and knowledge during the year ended 31 December 2023.





# CORPORATE GOVERNANCE REPORT

## CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated memorandum and articles of association of the Company on 11 October 2022.

## SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

The Company has adopted a Shareholders' communication policy to ensure that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company. During the year ended 31 December 2023, the Company has reviewed and was satisfied of the implementation and effectiveness of the Shareholders' communication policy on the basis that sufficient channels of communication has been maintained with the Shareholders.

### Convening of extraordinary general meeting and putting forward proposals

Under the Articles of Association, an extraordinary general meeting ("**EGM**") may be convened by the Board upon requisition by any one or more Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at any general meetings. The Shareholder(s) shall make a written requisition to the Board or the Company Secretary at the head office of the Company in Hong Kong, specifying the shareholding information of the Shareholder(s), his/her/their contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of deposit of such written requisition, the Board does not proceed to convene such EGM, the requisitioner(s) himself/herself/themselves may convene an EGM in the same manner as that in which such meeting may be convened by the Board, provided that such meeting so convened shall not be held after the expiration of two months from the date of deposit of such requisition.

The Company believes that effective communication with its Shareholders is essential for enhancing investors' understanding of the Group's business and performance. The Company maintains a corporate website at [www.hygieiagroup.com](http://www.hygieiagroup.com) to disseminate latest information about the Group in the aspects of business operations, financial information, corporate governance practices and other information.

### Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to Mr. Lau Chung Wai, the company secretary of the Company at Unit 1102, 11th Floor, Brill Plaza, No. 84 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong.



## INTRODUCTION

Hygieia Group Limited (the “**Company**”, together with its subsidiaries, 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 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, retail outlets and industrial buildings.

This Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) summarises the ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

### ESG Governance Structure

The board (the “**Board**”) of directors (the “**Directors**”) of the Company holds the overall responsibility for the Group’s ESG issues. To better manage the Group’s ESG-related issues, the Board examines and approves the ESG-related management approaches, strategies, goals and targets, priorities, policies and frameworks, as well as reviews the progress toward their implementation and achievement with the assistance of the Sustainability Committee (the “**Committee**”). In addition, the Board identifies and evaluates ESG-related risks and opportunities for the Group and discusses related issues at least once a year in order to better manage the Group’s ESG performance, related issues and potential risks.

The Committee has been established to systematically identify and manage ESG issues. As stated in the ESG Reporting Policy, the Committee shall consist of at least one Director and a minimum of four members from different departments. The objective of the Committee is to assist the Board with overseeing the Group’s ESG programmes and advise the Board on matters required to enable (i) the Group to operate on a sustainable basis for the benefit of current and future generations, (ii) sustainable growth by maintaining and enhancing the Group’s economic, environmental, human, technological and social capital in the long term and (iii) the effective management of the Group’s sustainability risks.

The Committee is responsible for collecting and evaluating relevant ESG data in addition to prioritising and planning and implementing ESG-related policies. The Committee also identifies, evaluates and prioritises material ESG issues through materiality assessment, the result of which is further reviewed and endorsed by the Board for the disclosure in ESG reports. In addition, the Committee shall report to the Board at least once a year for the subsequent implementation or revision of the Group’s ESG strategies and management approaches, and suggest if any action has to be taken.

### ESG Commitment

As an enterprise that upholds corporate social responsibility, the Group acknowledges the importance of reducing its impact on the environment. In alignment with the governments’ aim of decarbonisation in the Group’s operation locations, and to further enhance the Group’s performance in ESG aspects, the Group has set environmental targets, including greenhouse gas (“**GHG**”) emissions, energy efficiency, waste management and water consumption. The Board will review the progress towards the relevant targets at least once a year and ensure that the Group has sufficient resources to achieve these targets. The Group believes that through the setting of targets and the implementation of relevant measures, the Group will continuously enhance the ESG awareness of employees, promote behavioural changes, and gradually integrate the concept of sustainability into the operation and development of the Group.



## ESG REPORT

### REPORTING SCOPE

Taking into consideration of the Group's resources allocation and the status of operations of different segments, the Committee has identified the reporting scope of this ESG Report. This ESG Report covers the Group's business operations and activities in Singapore and Thailand, which is consistent with the reporting scope of this annual report. The reporting scope of the ESG Report is the same as the reporting scope of the ESG report for the financial year ended 31 December 2022 ("**FY2022**"). The key performance indicators ("**KPIs**") gathered are shown in the ESG Report, supplemented by explanatory notes to establish benchmarks. The Group will extend the scope of disclosure when and where possible.

### REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Information relating to the Group's corporate governance practices can be found in the Corporate Governance Report of this annual report.

During the preparation for this ESG Report, the Group has applied the following reporting principles according to the ESG Reporting Guide:

*Materiality:* The materiality of issues was reviewed and confirmed by the Board and the Committee. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

*Quantitative:* The standards, methodologies and applicable assumptions used in the calculation of KPIs data were supplemented by explanatory notes.

*Consistency:* Unless otherwise stated, the preparation approach of this ESG Report is consistent with the previous report for comparison. If there are any other changes in the calculation methodologies that may affect the comparison with previous reports, explanations will be provided in the corresponding section.

### REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the financial year ended 31 December 2023 ("**FY2023**" or the "**Reporting Period**").



## STAKEHOLDER ENGAGEMENT

To make sustainable and practicable improvements to the Group’s ESG performance, the Group must generate positive relationships with a diverse range of its stakeholders. Therefore, the Group maintains close communication with its key stakeholders, including but not limited to, government and other regulatory authorities, shareholders and investors, employees, customers, suppliers, media and the public.

Stakeholders’ expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Engagement Channels	Expectations
Government and other regulatory authorities	<ul style="list-style-type: none"> <li>Public consultation</li> <li>Written or electronic correspondences</li> <li>Site visits and government inspections</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Good risk management structure</li> <li>Stability in business operations</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Annual general meetings and results announcements</li> <li>Financial reports</li> <li>Announcements and circulars</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder return</li> <li>Solid corporate governance structure</li> <li>Legal compliance</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Training, seminars, and briefing</li> <li>Email and internal memos</li> <li>Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration package</li> <li>Protection of employees’ rights and interests</li> <li>Employment security</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer service hotline and email</li> </ul>	<ul style="list-style-type: none"> <li>On-time delivery</li> <li>Provision of quality services</li> <li>Protection of customers’ interest</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Site visits</li> <li>Procurement processes</li> <li>Business meetings and discussion</li> </ul>	<ul style="list-style-type: none"> <li>Fair and open procurement</li> <li>On-time payment</li> <li>Win-win co-operation</li> </ul>
Media and the public	<ul style="list-style-type: none"> <li>ESG reports</li> <li>Company website</li> <li>Financial reports</li> <li>Announcements and circulars</li> </ul>	<ul style="list-style-type: none"> <li>Transparency of ESG issues and financial disclosure</li> <li>Legal compliance</li> <li>Solid corporate governance</li> </ul>

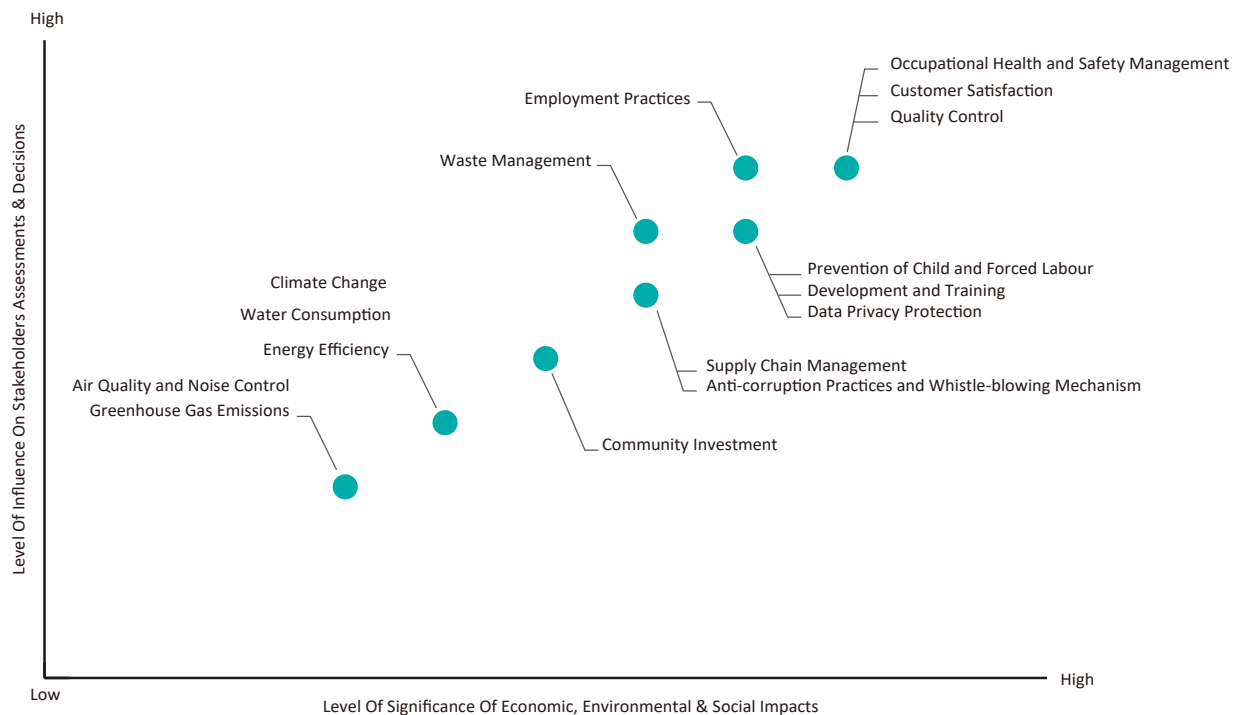
The Group endeavours to regularly engage with its external and internal stakeholders to identify business opportunities and address associated risks in order to further the Group’s sustainable development efforts. The contribution of all stakeholders will aid the Group in improving potentially overlooked ESG performances and sustaining the success of the Group’s business in the challenging market.



# ESG REPORT

## MATERIALITY ASSESSMENT

In accordance with the result of internal review and industry standard, the Group has identified 16 material ESG issues. The Group comprehensively assessed the importance of each ESG issue based on the level of influence on stakeholders' assessments and decisions as well as the level of significance of economic, environmental, and social impacts by conducting the internal materiality assessment survey. The result of the materiality assessment is used to determine the focus of disclosure in the ESG Report and formulate the Group's ESG strategy. The Group will continue to conduct the materiality assessment regularly in order to analyse its business risks, enhance the relevance of the ESG reports and respond to the expectations of stakeholders. The following is the materiality matrix of the Group's material ESG issues:



## CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by writing to Unit 1102, 11th Floor, Brill Plaza, No. 84 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong.



## A. ENVIRONMENTAL

### Environmental Target

To enhance the Group's commitment to corporate social responsibility and allow the Group's stakeholders to better understand the ESG performance of the Group, the Group has implemented different ESG-related targets and monitors and reviews those targets regularly.

#### A1. Emissions

The Group is committed to expanding its business while not sacrificing the environment. Therefore, the Group remains mindful of its impact on the environment and strives to integrate sustainability measures into its business operations to minimise its impacts on the environment. The Group has in place the Quality, Environmental, Safety & Health Policy (the "**QEHS Policy**") as part of its Integrated Management System Manual ("**IMS Manual**"). The said policy provides a framework for establishing and reviewing quality, environmental, safety and health ("**QEHS**") objectives, and has been communicated to its employees and is reviewed by the top management to ensure continual suitability. The Environmental Management System was devised in accordance with and is certified to be in compliance with ISO 9001:2015, ISO 14001:2014 and ISO 45001:2018.

Despite the establishment of the QEHS Policy, the execution of QEHS related procedures is largely dependent on individual adherence. Therefore, the Group has assigned the operations department to manage environmental impacts and remind employees to adhere to the QEHS Policy to ensure that the Group complies with all applicable environmental laws and regulations. Green measures to help reduce environmental impacts will be mentioned in relevant sections of this ESG Report.

During FY2023, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Environmental Public Health Act, the Environmental Public Health (General Waste Collection) Regulations 1988, the Sewerage and Drainage (Trade Effluent) Regulations and the Environmental Protection and Management Act of Singapore, and the Enhancement and Conservation of National Environmental Quality Act and the Act on the Maintenance of the Cleanliness and Orderliness of the Country of Thailand.

#### **Air Emissions**

The Group's major sources of air emissions were generated from diesel consumed by the Group's vehicles. Measures for reducing such emissions will be mentioned in the following section headed "Scope 1 – Direct GHG Emissions".

Summary of air emissions performance:

Indicator <sup>1</sup>	Unit	FY2023	FY2022
Nitrogen Oxides (NOx)	kg	921.1	363.8
Sulphur Oxides (SOx)	kg	1.1	0.7
Particulate Matter (PM)	kg	85.8	3.49

Note:

1. The calculation method of air emissions and the related emission factors were based on, including but not limited to, How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by Stock Exchange.



## GHG Emissions

The principal GHG emissions of the Group were generated from diesel consumption of the Group’s vehicles (Scope 1), purchased electricity (Scope 2) and paper waste disposal at landfills (Scope 3).

### Scope 1 – Direct GHG Emissions

The Group has adopted the following measures to mitigate direct GHG emissions from diesel consumption by vehicles in its operations:

- Plan routes ahead of time to avoid route repetition;
- Switch off the engine whenever the vehicle is idle; and
- Service vehicles regularly to ensure optimal engine performance and efficient fuel use.

### Scope 2 – Indirect GHG Emissions

The Group has implemented measures to reduce energy consumption, details of which are set out in the following section headed “Energy Efficiency”.

### Scope 3 – Other Indirect GHG Emissions

Office paper waste disposal only accounted for a small percentage of total GHG emissions. Measures implemented to reduce paper waste disposal can be found in the following section headed “Waste Management”.

During the financial year ended 2021 (“FY2021”), the Group has set a target on following the government’s goal of carbon neutrality in its operation locations, and actively responding to the government’s emissions reduction targets with an aim to achieve emissions reduction within the mandated timeframe. The target is still in-progress and the Group will continue to monitor its GHG emission and implement GHG reduction measures.

The GHG emissions intensity in FY2023 has increased by approximately 48.0% compared with FY2022. The increase is due to the rise in business activities in Thailand.

Summary of GHG emissions performances:

Indicator <sup>1</sup>	Unit	FY2023	FY2022
Scope 1 – Direct GHG Emissions	tCO <sub>2</sub> e	173.3	113.4
• Diesel consumption			
Scope 2 – Indirect GHG Emissions	tCO <sub>2</sub> e	30.8	24.8
• Purchased electricity			
Scope 3 – Other Indirect GHG Emissions	tCO <sub>2</sub> e	40.0	21.9
• Paper waste disposal <sup>2</sup>			
<b>Total GHG Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>244.1</b>	<b>160.1</b>
<b>Intensity<sup>3</sup></b>	<b>tCO<sub>2</sub>e/million revenue (S\$)</b>	<b>3.7</b>	<b>2.5</b>



## Notes:

1. GHG emissions data is presented in terms of tonnes carbon dioxide equivalent and is based on, including but not limited to, The GHG Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, the Global Warming Potential Values from the IPCC Fifth Assessment Report, 2014 (AR5), the 2021 Electricity Grid Emission Factors issued by the Energy Market Authority of Singapore, and the Average CO<sub>2</sub> Emission per kWh (Consumption) for 2021 issued by the Ministry of Energy of Thailand.
2. The figure in FY2023 excludes GHG emissions resulting from approximately 14.7 tonnes of paper recycled (FY2022: 4.8 tonnes), which is equivalent to approximately 70.6 tCO<sub>2</sub>e (FY2022: 23.1 tCO<sub>2</sub>e).
3. For FY2023, the Group recorded a revenue of approximately S\$66.5 million (FY2022: approximately S\$63.4 million). This data is used for calculating other intensity data.

### ***Sewage Discharges into Water and Land***

Since the water usage by the Group is mainly office water, the sewage discharged into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged. Used water is collected through a network of sewers that leads to the water reclamation plant.

### ***Waste Management***

#### *Hazardous Waste Management*

Due to the Group's business nature, no material amount of hazardous waste was generated by the Group. Therefore, no relevant target has been set.

#### *Non-hazardous Waste Management*

Non-hazardous waste generated by the Group was principally office paper. The Group continues to place great effort in educating its employees on the importance of reducing waste production and has adopted the following environmentally friendly initiatives to enhance its environmental performance:

- Separate recyclable waste from waste to be disposed of at the landfill;
- Encourage paperless workplace culture;
- Reuse single-sided paper for draft documents;
- Reduce the use of single-use disposable items; and
- Recycle electronic equipment after their life cycle.

During FY2021, the Group has set a target on digitalising certain processes to reduce paper usage by the financial year ending 31 December 2025 ("**FY2025**"). The Group has implemented or is planning to implement different digitalisation measures, hopefully can achieve the target by FY2025, such as (i) using app-based software for timesheet attendance at certain project sites; (ii) digitalisation of staff annual leave application process and staff payslips issuance; (iii) digitalisation of employment application and employment contracts issuance process; and (iv) issuance of electronic invoices to customers. The Group will also continue to monitor its paper consumption and implement other paper saving measures.





## ESG REPORT

The non-hazardous waste intensity in FY2023 increased significantly compared to FY2022 which is due to the increased paper consumption by increased business activities in Thailand.

Summary of major non-hazardous waste disposal performance:

Indicator	Unit	FY2023	FY2022
Office Paper <sup>1</sup>	Tonnes	8.3	4.6
<b>Total Non-hazardous Waste</b>	<b>Tonnes</b>	<b>8.3</b>	<b>4.6</b>
<b>Intensity</b>	<b>Tonnes/million revenue (S\$)</b>	<b>0.12</b>	<b>0.07</b>

Note:

1. The figure in FY2023 excludes approximately 14.7 tonnes of paper recycled (FY2022: 4.8 tonnes).

### A2. Use of Resources

The Group realises the scarcity of natural resources and has taken the initiative to introduce green measures to reduce the use of resources arising from its business operations. Measures for reducing office paper waste have been mentioned in the preceding section headed “Waste Management”.

#### **Energy Efficiency**

The energy consumption of the Group were mainly diesel consumption by the Group’s vehicles and purchased electricity.

The Group recognises the scarcity of natural resources and has therefore implemented policies to better govern the use of resources. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Pre-set thermostats of air-conditioners at a mutually agreed level;
- Switch off all idle appliances and unnecessary lighting upon leaving the offices;
- Purchase equipment with high energy efficiency in the replacement of old equipment; and
- Post eye-catching reminders near light switches and electrical appliances as a reminder to employees.

During FY2021, the Group has set a target on reducing the total electricity consumption intensity (MWh/million revenue (S\$)) by 5% by FY2025 compared with FY2021 (6.9 MWh/million revenue (S\$)). In FY2023, the total energy consumption intensity is 11.8 MWh/million revenues (S\$). The energy consumption intensity in FY2023 has increased by approximately 49.4% compared with FY2022, which is due to the increased number of staff members employed at the head office. The Group will continue monitoring its energy consumption and implement energy saving measures, hopefully can reduce its energy consumption intensity progressively.



Summary of energy consumption performances:

Indicator <sup>1</sup>	Unit	FY2023	FY2022
Direct Energy Consumption • Diesel consumption	MWh	709.4	441.5
Indirect Energy Consumption • Purchased electricity	MWh	74.6	60.0
<b>Total Energy Consumption</b>	<b>MWh</b>	<b>784.1</b>	<b>501.5</b>
<b>Intensity</b>	<b>MWh/million revenue (S\$)</b>	<b>11.8</b>	<b>7.9</b>

Note:

1. The calculation of unit conversion refers to the Energy Statistics Manual issued by the International Energy Agency.

### **Water Consumption**

Water was mainly used in the offices and the amount is not significant. The Group nevertheless actively promotes the importance of water conservation to its employees. At the contract sites, the Group minimises the use of water for cleaning and would reuse water whenever possible. Wastewater will be disposed of as soon as practicable to avoid the collection of stagnant water for the breeding of mosquitoes and spread of vector-borne diseases.

To improve the water usage efficiency, water-saving banners are posted around the offices, the Group also regularly inspects water taps to prevent leakage, and installs dual flush water cisterns in toilets and faucet aerators in sinks where possible.

Due to the Group's business location, the Group did not encounter any problem in sourcing water that is fit for purpose.

The Group has set a target to install water flow controller valves on all offices' water taps by FY2025 to reduce water consumption. The target is in progress and the Group will keep installing water flow controller. The Group will also continue to monitor its water consumption and implement other water-saving measures.

The water consumption intensity in FY2023 has increased by 24.5% compared with FY2022, which is due to the increased number of staff members employed at the head office.

Summary of water consumption performance:

Indicator	Unit	FY2023	FY2022
<b>Total Water Consumption</b>	<b>m<sup>3</sup></b>	<b>436.7</b>	<b>337.3</b>
<b>Intensity</b>	<b>m<sup>3</sup>/million revenue (S\$)</b>	<b>6.6</b>	<b>5.3</b>

### ***Use of Packaging Material***

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG issue to the Group.

### **A3. The Environment and Natural Resources**

The Group's business operations have a limited impact on the environment and natural resources. Nevertheless, the Group regularly assesses its existing and potential environmental risks and impacts to ensure compliance with relevant laws and regulations.

#### ***Air Quality and Noise Control***

The Quality Control Policy states that regular maintenance should be carried out on all the Group's machinery and equipment, such as motor vehicles and floor-scrubbers, to ensure emissions and noise produced are below the national prescribed level. On replacing obsolete machinery and equipment, the Group gives priority to purchasing quieter and more energy-efficient equipment and appliances. In addition, the Group only provides its services during the permitted working hours to reduce potential nuisance and inconvenience to residents and the public.

### **A4. Climate Change**

The management of the Group understands that climate change may adversely impact the Group's business and the global economy as a whole. Therefore, other than reducing the environmental footprint caused by the Group's business, the Group also strives to identify any physical and transition risks caused by climate change that would have a material impact on the Group's business, and has formulated the Climate Change Policy to adapt to and/or mitigate major impacts associated with identified risks.

#### ***Physical Risks***

Extreme weather events are occurring more frequently with increasing severity, disasters such as floods, rainstorms, typhoons, etc., may damage the vehicles and facilities owned by the Group, affect material and supplies delivery, disrupt employees' commute and the Group's normal business operations, which may consequently increase the Group's maintenance costs, and ultimately result in loss of revenue.

In order to deal with these physical risks, the Group regularly reviews the risks of business interruption related to extreme weather and, where appropriate, develops countermeasures to mitigate negative impacts, thereby reducing negative impacts. At the same time, the Group has specified special work arrangements under potential natural disasters, typhoons and rainstorms to avoid any chaotic situations that may lead to safety incidents in accordance with relevant laws and regulations.



### ***Transition Risks***

Governments around the world are tightening environmental regulations and enacting climate-related legislation under the global movement for decarbonisation. Singapore and Thailand governments have announced their respective carbon neutrality action plans. It is expected that the government authorities will implement more stringent policies and regulations on GHG emissions reduction. Other than controlling emission, corporations are also required to follow increasingly stringent disclosure and compliance measures for ESG reporting. Moreover, investors and customers are also becoming more aware of the sustainability of corporations and their commitment to conducting green businesses. Thus, the Group recognises the potential compliance risks such as lawsuits and claims, as well as reputational risks if non-compliance occurs.

In response to the aforementioned transition risks, the Group closely monitors the changes in the business environment and relevant policies, and will capitalise on the opportunities whenever possible to fulfil its role as a global citizen. In addition, the Group may also adjust its business strategies, where appropriate, in line with the governments' efforts to support the global vision of decarbonisation.

## **B. Social**

### ***B1. Employment***

#### *Employment Practices*

The Group's continued success relies heavily on its employees. Therefore, the Group attaches great importance to attracting and retaining talents by providing its employees with an attractive remuneration package and a non-discriminatory recruitment process and workplace. Employment policies are formally documented in the Human Resources Policy ("**HR Policy**"), covering recruitment, compensation, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against other general cleaning service providers.

During FY2023, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act and the Employment of Foreign Manpower Act of Singapore, and the Labour Protection Act and the Workmen's Compensation Act of Thailand.

## ESG REPORT

As at 31 December 2023, the Group had 2,609 employees (as at 31 December 2022: 1,904 employees). The breakdown of the employees according to gender, age group, employment type, employee category, and geographical region as at the end of the financial year, is as follows:

	FY2023	FY2022
<b>Gender</b>		
Male	1,101	814
Female	1,508	1,090
<b>Age Group</b>		
Under 30 Years Old	160	173
30 to 50 Years Old	555	778
Above 50 Years Old	1,894	953
<b>Employment Type</b>		
Full-time	2,464	1,736
Part-time	145	168
<b>Employee Category</b>		
Management	51	76
General Staff	2,558	1,828
<b>Geographical Region</b>		
Singapore	1,577	1,257
Thailand	1,032	647

The total employee turnover rate<sup>1</sup> of the Group in FY2023 is approximately 46.3% (FY2022: 112.7%) and the employee turnover rates by gender, age group and geographical region are as follows:

	FY2023	FY2022
<b>Gender<sup>2</sup></b>		
Male	63.9%	144.2%
Female	33.5%	89.2%
<b>Age Group<sup>2</sup></b>		
Under 30 Years Old	76.9%	134.7%
30 to 50 Years Old	64.3%	62.5%
Above 50 Years Old	38.4%	149.7%
<b>Geographic Region<sup>2</sup></b>		
Singapore	71.7%	166.3%
Thailand	7.6%	8.5%

Notes:

- Total employee turnover rate = Total number of employees leaving employment during the financial year/Total number of employees at the end of the financial year\*100%.
- Employee turnover rate by category = Total number of employees leaving employment during the financial year by category/ Total number of employees at the end of the financial year by category\*100%.



### ***Non-discriminatory Recruitment and Workplace***

Creating a collaborative and inclusive working environment is crucial to attracting new talents and helping individuals to realise their potential. The HR Policy explicitly states that the Group's recruitment policies and employment procedures are to be conducted with impartiality regardless of race, gender, colour, marital and family status, or disabilities. Employees are remunerated according to their work skills, job scope, responsibilities and performance. In addition, all employees should have the right to work in an environment free of discrimination, harassment and vilification. The Group does not tolerate any aforementioned behaviours in any form in the workplace.

The Group offers attractive remuneration packages, including discretionary bonuses and allowances. In addition to the leave entitlement, the Group is flexible in granting leave to cater to the needs of its employees, such as marriage leave, compassionate leave, etc.

### ***Promotion and Performance Appraisal***

The Group assesses the performance of the employees on an annual basis, the results of which may be used as consideration for promotion opportunities and/or raising their salary. Upon the receipt of the completed appraisal forms from the respective appraiser, the head of the department shall collate and summarise the information for review by the chief executive officer. Procedures on appeal for disputed appraisals are also detailed in the HR Policy. The Group gives preference to internal promotion to encourage consistent and continuous effort.

### ***Working Hours and Rest Periods***

The Group has formulated policies in determining the working hours and rest periods for employees following local employment laws. Further information regarding working hours of the employees is explained in the section headed "Prevention of Child and Forced Labour".

### ***Compensation and Dismissal***

The Group compensates employees in accordance with the Workmen's Injury Compensation Insurance Policy under the Workmen's Injury Compensation Act of Singapore and the Workmen's Compensation Act of Thailand, which covers employees who sustain personal injury by accident or disease arising out of the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

### **B2. Health and Safety**

The health and safety of the employees are the Group's utmost priority. In order to protect employees from occupational hazards, arrangements and precautionary measures are detailed in the IMS Manual and the QEHS Policy. The mentioned documents are designed to eliminate or control the hazards and ensure high occupational safety and health standard is maintained in the course of operations. The occupational health and safety management system is ISO 45001:2018 and BizSafe Level Star certified.

During FY2023, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Workplace Safety and Health Act, the Workplace Safety and Health (General Provisions) Regulations and the Work Injury Compensation Act of Singapore, and the Occupational Safety, Health and Environment Act of Thailand.

During FY2023, there was 1 work-related fatality with fatality rate of 0.04% (FY2022: 0 fatality with fatality rate of 0.00%; FY2021: 1 fatality with fatality rate of 0.04%). The incident involved an employee who experienced cardiac arrest and was discovered unconscious on the restroom floor. During FY2023, there were a total of 832 lost days caused by 40 work injury cases (FY2022: 135 lost days; 12 work injury cases; FY2021: 1,489 lost days; 48 work injury cases). Slips, trips, and falls were identified as the leading cause of work-related injuries, and all employees who were injured were promptly provided with medical assistance.

The Group is committed to enhancing the health and safety of its employees in the workplace. Steps have been taken to support employees involved in work-related injury cases by granting sufficient work-related injury leave in accordance with relevant policies and regulations. Additionally, the company conducts regular safety training sessions at work sites to proactively prevent incidents. These training sessions cover various precautionary measures, such as the importance of wearing appropriate footwear, using proper equipment like ladders for height-related tasks, and utilising suitable personal protective equipment to mitigate work-related hazards.

#### ***Occupational Health and Safety Management***

The IMS Manual addresses significant potential environmental, health and safety hazards and consequences as well as states the roles and responsibilities of different personnel. Procedures to guide the formulation and monitoring of QEHS objectives and targets at each relevant function within the Group are laid out in the IMS Manual. Furthermore, the QEHS Policy sets out the Group's commitment to preventing injuries and ill-health in the workplace and building a safe working environment for its employees. In addition, the Emergency Preparedness and Response Policy has been formulated to ensure that its employees are prepared for confronting different emergency scenarios, such as spillage or fire emergencies, for example, the staff are required to report to supervisor immediately when accident occur. The Group regularly reviews all the related occupational health and safety objectives and targets and takes into consideration the feedback of the Group's employees for continual improvement in safeguarding the well-being of its employees.



### B3. Development and Training

The Group recognises the importance of having a skilled workforce in order to achieve strategic and operational plans and is committed to providing a working environment that is conducive to effective performance. Therefore, the Group proactively provides internal and external training opportunities for all of its employees. The Training Policy provides the framework for training and development and ensures that employees have the necessary competencies to deliver the Group's strategic and operational plans.

A training manager is assigned to administer, revise, interpret and apply the Training Policy. The Training Policy must be reviewed at least once a year and will be revised to reflect the Group's current practices.

Depending on the type of employees, all newly recruited employees and workers are required to complete induction training or Environment Cleaning Workforce Skills Qualifications training respectively. These training courses aim to equip all new recruits with an understanding of the essential health and safety requirements, including the procedures for foreseeable emergencies, and procedures specific to the role of the recruits.

The Group requires its employees to attend external courses if training needs are identified to be in line with the Group's operational needs and requirements, such as courses conducted by the National Environmental Agency, Building and Construction Authority, and Ministry of Manpower, which include workplace safety courses, quality assurance courses and risk management courses. Disciplinary action may be taken where non-attendance is noted.

During FY2023, the Group recorded approximately 48.1%<sup>1</sup> (FY2022: 72.6%) of trained employees, with an average of approximately 1.6<sup>2</sup> (FY2022: 4.8) training hours per employee. During FY2023, a reduction in employee training sessions occurred as a result of the implementation of the Group's more cost-efficient staff training policy. Under this policy, experienced employees were directed to undergo assessments directly rather than attending full-day courses prior to the assessments.

Category	Breakdown of Employees Trained <sup>3</sup>		Total Training Hours		Average Training Hours <sup>4</sup>	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
<b>Gender</b>						
Male	32.6%	44.0%	1,595	2,300	1.4	5.4
Female	67.4%	56.0%	2,562	2,015	1.7	4.4
<b>Employment Category</b>						
Management	2.8%	2.6%	101	434	2.0	12.0
General Staff	97.2%	97.4%	4,056	3,881	1.6	4.5

Notes:

1. Total percentage of employees trained = Total number of employees trained during the financial year/Total number of employees at the end of the financial year\*100%.
2. Average training hours per employee = Total training hours completed during the financial year/Total number of employees at the end of the financial year.
3. Breakdown of employees trained = Total number of employees trained during the financial year by category/Total number of employees trained during the financial year\*100%.
4. Average training hours = Total training hours completed during the financial year by category/Total number of employees at the end of the financial year by category.



### **B4. Labour Standards**

#### ***Prevention of Child and Forced Labour***

The Group is devoted to upholding ethical labour standards and forbidding the employment of child labour and forced labour. The Group guarantees that no employee will be forced to work against his/her will or be coerced to work. Working hours are strictly regulated, if employees are required to work for additional hours, overtime payments will be paid in accordance with relevant laws and regulations as well as the employment contract. When the violation case of forced labour is confirmed, the Group might take follow-up actions immediately according to the actual situation and might take disciplinary actions against any employees who are responsible for the cause of the incident.

In addition, the recruitment of child labour is strictly prohibited. All employees recruited by the Group are above 18 years old. The HR Policy requires all job applicants to complete a Job Application Form and the human resources department will ensure that personal data of applicants are verified against the identity documents submitted during the recruitment process. If there is any suspected violation case regarding child and forced labour, the Group will conduct an investigation. When the violation case of child labour is confirmed, the Group will terminate the employment contract of such employee at once.

During FY2023, the Group was not aware of any material non-compliance with forced and child labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act of Singapore and the Labour Relation Act of Thailand. The Group will carry out review on the related measures regularly to prevent any child labour or forced labour in the Group.

### **B5. Supply Chain Management**

The Group recognises the importance of good supply chain management practices in mitigating environmental and social risks. With the aim to maintain the sustainability and stability of its supply chain, the Group strives to engage suppliers who incorporate the consideration of environmental and social risks into their supply chain management.

The Procurement, Accounts Payables and Payments Policy sets out the guidelines in relation to the selection and evaluation of vendors. When engaging suppliers, the Group reviews suppliers based on, where applicable, their (i) price competitiveness; (ii) quality of product or services; (iii) ability to deliver; (iv) market reputation; and (v) environmental and social standards and performance. The purchase of supplies is determined and adjusted by the need of individual contracts. This assessment is performed by the business development department and submitted to the executive Directors for final approval. Suppliers who have fulfilled the selection criteria will be admitted to the approved suppliers list.

To minimise the environmental and social risk along the supply chain, the Group has set up the Sustainable Supply Chain Policy. By following the Sustainable Supply Chain Policy, the Group required its business suppliers to conduct business responsibly and with integrity, honesty and transparency and comply with related environmental and labour laws and regulations such as legislation on working hours and minimum wage payments. The Group encourages the suppliers to ensure a fair and equitable workplace environment that is free from any form of harassment or discrimination; provide a work environment that pays due consideration to safety and minimises any health hazards or harm to employees; and ensure that effective anti-corruption policies are implemented. Should services fall below the agreed standard, the cooperation may be terminated.

To promote environmentally preferable products, the Group gives priority to reputable local suppliers and environmentally preferable products such as products endorsed under the Singapore Green Labelling Scheme, which have been certified to have fewer undesirable effects on the environment.

The related supply chain management measures will be reviewed regularly to make sure their effectiveness.



The Group's main purchases include cleaning supplies, tissue and washroom supplies. In FY2023, the Group had 476 approved major suppliers (FY2022: 456 approved major supplier), and all of such suppliers have passed the engagement practice stated above.

The number of suppliers by region is presented in the below table:

	FY2023	FY2022
Singapore	468	452
Thailand	8	4

## B6. Product Responsibility

The Group's long-standing success is backed by its stringent quality control system in different regards. As mentioned in the section headed "Environmental", the Group's quality, environmental, and occupational health and safety management systems are certified with ISO 9001:2015, ISO 14001:2014 and ISO 45001:2018. These management systems create a robust framework for managing the Group's related performances.

During FY2023, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services that would have a significant impact on the Group, including but not limited to the Personal Data Protection Act 2012 of Singapore and the Consumer Protection Laws of Thailand. During FY2023, the Group did not receive any major cases of product or service-related complaints (FY2022: Nil), nor was it subjected to any product recalls (FY2022: Nil). Due to its business nature, the product recall procedure is not material to the Group.

### Quality Control

The Group prides itself on its long-standing track record as one of the established cleaning service providers in Singapore. The Group ensures its high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices. The high cleaning quality of the Group has been recognised through a Clean Mark Gold Award by the National Environment Agency since FY2022. The Group's track record is further evidenced by the L6-graded FM02 workhead for "Housekeeping, Cleansing and Desilting and Conservancy", which allows the Group to tender for public sector contracts of an unlimited value in Singapore.

To achieve and maintain the quality of services, the Group has implemented a quality management system that is ISO 9001:2015 certified for the provision of cleaning and housekeeping services. The IMS Manual covers, among other things, minimum operations standards and review procedures applicable to each service contract, procedures for handling customer reviews and/or feedback, staff feedback, the establishment of a complaint process and procedures for incident investigation and reporting.

As stated in the Monitoring and Measurement of Product Policy, in-process inspection will be conducted by the project manager to ensure that the in-process and completed cleaning work are as planned and in accordance with the inspection and/or documented procedures. A final inspection will be carried out to ensure all non-conformances detected during the inspection are rectified before handing it over to the client. No products/works shall be delivered to the site or hand-over to the client until all activities specified in the quality plan and/or documented procedures have been satisfactorily completed and the associated quality records are available and authorised.



## ESG REPORT

### ***Customer Satisfaction***

Service quality directly influences overall customer satisfaction. Therefore, the Group closely monitors and regularly reviews the level of satisfaction to identify new trends and opportunities for continuous improvement. Procedures for handling customer feedback and incident investigations have been set up and are detailed in the Quality Control Policy. Should the Group receive any complaints, the Group will strive to act in a timely manner to resolve the issues with effective corrective actions. In addition, complaints of significant weight received will be discussed and reviewed by the management during regular meetings to prevent re-occurrence, improvement will be made when necessary.

### ***Data Privacy Protection***

The Group is committed to safeguarding individuals' personal data against misuse by regulating the proper management of personal data and regards privacy as an important individual right. The Personal Data Protection Policies and Procedures Manual establishes the principles of data protection governing the collection, usage and disclosure of personal data given to the Group from individuals. Meanwhile, the Group's Protection of Sensitive and Confidential Information Policy sets out guidelines in relation to the protection of sensitive and confidential information for its employees.

Unauthorised access and dissemination of customers' sensitive information is strictly prohibited unless employees are under the legal obligation to do so. Only authorised personnel are permitted to access the clients' information database and are entitled to access the information on a need-to-know basis. All employees are required to sign the non-disclosure agreement at the same time that the employment contract is signed. The Group will regularly review relevant procedures to ensure their effectiveness.

### ***Protection of Intellectual Property Rights***

The Group respects intellectual property rights and requires employees to comply with applicable laws and regulations to protect the intellectual property rights of third parties. The Group ensures the use of authorised software in its business operations. For materials involving patents and intellectual property rights of third parties, the Group will obtain licences and use them with caution within legal limits. The Group regularly monitors to ensure that the intellectual property rights of the Group are not being infringed upon.

### ***Advertising and Labelling***

Although advertising and labelling matters are not considered material to the Group, responsible personnel will review the advertising information before it is disseminated and the Group strives to ensure the Group's advertisements do not contain false and deceptive statements or commitments, and that the information provided to customers is true, accurate, not misleading, and comply with relevant laws and regulations.



## **B7. Anti-corruption**

During FY2023, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Corruption Act of Singapore and the Organic Act on Counter Corruption of Thailand. During FY2023, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees (FY2022: Nil).

### ***Anti-corruption Practices***

Good corporate governance structure is crucial to the Group's sustainable growth. The Group places a strong emphasis on conducting its business according to prescribed statutory requirements and high ethical standards. Bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited in the Group. The Anti-Bribery and Corruption Policy and the Conflict of Interest Policy have been established and apply to all employees of the Group. The mentioned policies detail the appropriate methods for handling circumstances such as gift-giving and acceptance. The said policy will be communicated to all employees during the initial staff on-boarding process and as appropriate thereafter in accordance with the commitment to ensuring all employees are aware of the Group's zero-tolerance stance on corrupt practices.

Relevant training materials on anti-corruption are provided to Directors and employees at least once a year for their study and reference in order to raise their awareness of the code of conduct as well as related procedures and guidelines. During FY2023, The Group has provided anti-corruption training to its Directors and employees focusing on related laws and regulations in the mode of lectures, seminars or conference meetings.

### ***Whistle-blowing Mechanism***

The Group has established the Whistle-blowing Policy, addressing its commitment to the highest standards of transparency, integrity and accountability. The policy is designed to enable employees to express their concerns and to disclose information which the whistle-blower believes to be an indicator of malpractice or impropriety.

Should an employee wish to report concerns, the whistle-blower should detail the background, history of events, reasons for raising concern and any available form of evidences to support the reported incident. Upon receiving the report, the Group will identify the parties involved and look into the case in accordance with procedures stated within the Whistle-blowing Policy. Any cases of non-compliance will be reported to legitimate authorities. The Group will regularly review relevant procedures to ensure their effectiveness.

The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

### **B8. Community Investment**

The Group recognises the importance of making a positive impact on the community where it operates and realises the importance of giving back to the members of society. Therefore, the Group has established the Community Investment Policy to encourage its employees to engage in community services and voluntary activities so as to give back to the less abled and financially challenged members of the public.

During the Reporting Period, the Group has contributed to the welfare of families in need by providing financial sponsorships. The total amount of community investment in FY2023 amounted to S\$13,000, which included cash donations and sponsorships for various charitable causes. In the future, the Group will continue to give back to society through more active participation in community programs.



**THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE**

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management



Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Material (Not applicable – Explained)
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Air Quality and Noise Control
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change



Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment – Employment Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employment Practices
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety – Occupational Health and Safety Management





Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B3: Development and Training</b>		
General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management



Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Control
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Data Privacy Protection
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption – Anti-corruption Practices, Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

## ESG REPORT



Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment



國衛會計師事務所有限公司  
HODGSON IMPEY CHENG LIMITED

31/F Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HYGIEIA GROUP LIMITED

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

### OPINION

We have audited the consolidated financial statements of Hygieia Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 72 to 148, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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



## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Revenue recognition*

Refer to Note 6 to the consolidated financial statements.

Our audit procedures in relation to revenue recognition included but not limited to:

Revenue from provision of cleaning services is recognised when the services are rendered, with reference to the contractual terms and completion of the specific transaction assessed on the basis of the actual extent of services provided as at the reporting date as a proportion of the total services to be provided under the terms of the service contract.

- obtaining an understanding of the design and implementation of management's key internal controls in relation to revenue recognition;
- inspecting key customer contracts to identify terms and conditions relating to the provision of services and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- forming expectation on the amount of revenue to be recognised for the year in respect of key customer contracts based on the terms and service periods stipulated in the contracts and comparing our expectations with the revenue recorded by the Group for the year and investigating any significant differences identified; and
- comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with underlying documentation, including service contracts and service records, to determine whether the related revenue had been recognised in the appropriate financial period.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and could be subject to risk of manipulation to meet specific targets or expectations.

We found that the revenue recognised was supported by available evidence.



## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "**Other Information**").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

#### **HLB Hodgson Impey Cheng Limited**

*Certified Public Accountants*

#### **Hon Koon Fai, Alex**

Practising Certificate Number: P05029

Hong Kong, 28 March 2024



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
Revenue	6	66,538	63,425
Cost of sales	12	(57,546)	(54,829)
<b>Gross profit</b>		<b>8,992</b>	8,596
Other income	7	406	121
Other gains, net	8	1	192
Administrative expenses	12	(8,644)	(10,005)
<b>Operating profit/(loss)</b>		<b>755</b>	(1,096)
Finance costs	10	(203)	(275)
<b>Profit/(loss) before income tax</b>		<b>552</b>	(1,371)
Income tax expense	11	(77)	(228)
<b>Profit/(loss) for the year</b>		<b>475</b>	(1,599)
<b>Other comprehensive (loss)/income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1)	4
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		<b>(1)</b>	4
<b>Total comprehensive income/(loss) for the year</b>		<b>474</b>	(1,595)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



For the year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		454	(1,604)
Non-controlling interests		21	5
		<u>475</u>	<u>(1,599)</u>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		453	(1,601)
Non-controlling interests		21	6
		<u>474</u>	<u>(1,595)</u>
<b>Earnings/(loss) per share</b>			
Basic and diluted (Singapore cents)	15	<u>0.02</u>	<u>(0.08)</u>

The accompanying notes from an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	2,539	2,633
Right-of-use assets	18	2,064	1,739
		<u>4,603</u>	<u>4,372</u>
<b>Current assets</b>			
Trade and other receivables, deposits and prepayments	19	17,288	14,984
Fixed bank deposits	20	10,367	10,000
Cash and cash equivalents	20	12,217	17,515
		<u>39,872</u>	<u>42,499</u>
<b>Total assets</b>		<u><b>44,475</b></u>	<u><b>46,871</b></u>
<b>EQUITY</b>			
Share capital	21	3,592	3,592
Reserves		26,457	28,004
		<u>30,049</u>	<u>31,596</u>
<b>Equity attributable to owners of the Company</b>		<b>30,049</b>	<b>31,596</b>
Non-controlling interests		45	1
		<u>30,094</u>	<u>31,597</u>
<b>Total equity</b>		<u><b>30,094</b></u>	<u><b>31,597</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION



At 31 December 2023	Note	2023 S\$'000	2022 S\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23	2,063	3,878
Lease liabilities	24	642	592
		<u>2,705</u>	<u>4,470</u>
<b>Current liabilities</b>			
Trade and other payables	22	8,218	7,577
Borrowings	23	1,893	1,884
Lease liabilities	24	1,444	1,168
Income tax payable		121	175
		<u>11,676</u>	<u>10,804</u>
<b>Total liabilities</b>		<u><b>14,381</b></u>	<u><b>15,274</b></u>
<b>Total equity and liabilities</b>		<u><b>44,475</b></u>	<u><b>46,871</b></u>
<b>Net current assets</b>		<u><b>28,196</b></u>	<u><b>31,695</b></u>
<b>Total assets less current liabilities</b>		<u><b>32,799</b></u>	<u><b>36,067</b></u>

The consolidated financial statements on pages 72 to 148 were approved and authorised for issue by the board of directors (the “**Board**”) on 28 March 2024 and signed on its behalf by:

**Toh Eng Kui**  
Director

**Peh Poon Chew**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company								Total equity S\$'000
	Share capital S\$'000	Share premium S\$'000 Note (a)	Capital reserves S\$'000 Note (b)	Other reserve S\$'000 Note (c)	Retained profits S\$'000	Currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	
At 1 January 2022	3,592	13,173	4,500	(98)	16,522	8	37,697	(5)	37,692
(Loss)/profit for the year	-	-	-	-	(1,604)	-	(1,604)	5	(1,599)
Other comprehensive income for the year	-	-	-	-	-	3	3	1	4
Total comprehensive (loss)/income for the year	-	-	-	-	(1,604)	3	(1,601)	6	(1,595)
Dividend paid	-	-	-	-	(4,500)	-	(4,500)	-	(4,500)
At 31 December 2022 and 1 January 2023	3,592	13,173	4,500	(98)	10,418	11	31,596	1	31,597
Profit for the year	-	-	-	-	454	-	454	21	475
Other comprehensive loss for the year	-	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income/(loss) for the year	-	-	-	-	454	(1)	453	21	474
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	23	23
Dividend paid	-	-	-	-	(2,000)	-	(2,000)	-	(2,000)
<b>At 31 December 2023</b>	<b>3,592</b>	<b>13,173</b>	<b>4,500</b>	<b>(98)</b>	<b>8,872</b>	<b>10</b>	<b>30,049</b>	<b>45</b>	<b>30,094</b>

Notes:

- Share premium represents the excess of share issue over the par value set off against the effect of share issuance expenses under share offer.
- Capital reserve represents the difference between the nominal value of the combined share capital of subsidiaries acquired pursuant to the reorganisation completed on 10 June 2019 over the nominal value of the share capital of the Company issued in exchange.
- Other reserve represents the differences between the consideration paid to non-controlling interests for acquisition of additional equity interest in a subsidiary without the overall change in the control in that subsidiary and the carrying amount of share of net assets being acquired.

## CONSOLIDATED STATEMENT OF CASH FLOWS



For the year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		552	(1,371)
<b>Adjustment for:</b>			
Depreciation of property, plant and equipment	17	947	941
Depreciation of right-of-use assets	18	1,536	1,635
Gain on disposal of property, plant and equipment	17	(40)	(127)
Gain on lease termination		(5)	(2)
Allowances for expected credit loss on trade receivables (reversed)/recognised		(331)	161
Finance cost	10	203	275
Interest income	7	(366)	(37)
<b>Operating cash flows before movements in working capital</b>		<b>2,496</b>	<b>1,475</b>
(Increase)/decrease in trade and other receivables		(1,912)	4,342
(Increase)/decrease in deposits and prepayments		(73)	1,101
Increase/(decrease) in trade and other payables		660	(929)
<b>Cash generated from operations</b>		<b>1,171</b>	<b>5,989</b>
Income tax paid		(131)	(904)
<b>Net cash generated from operating activities</b>		<b>1,040</b>	<b>5,085</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(894)	(942)
Interest received		366	37
Proceeds from disposals of property, plant and equipment		80	491
Placement of fixed deposits		(367)	(10,000)
<b>Net cash used in investing activities</b>		<b>(815)</b>	<b>(10,414)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 S\$'000	2022 S\$'000
<b>Cash flows from financing activities</b>			
Interest paid on:			
– Lease liabilities	10	(68)	(68)
– Other financing arrangement	10	(135)	(207)
Repayments of borrowings		(1,900)	(3,661)
Proceeds from borrowings		94	1,877
Lease payments for principal portion of lease liabilities		(1,530)	(1,630)
Capital contribution from non-controlling interests		23	–
Dividends paid	16	(2,000)	(4,500)
<b>Net cash used in financing activities</b>		<b>(5,516)</b>	<b>(8,189)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,291)</b>	<b>(13,518)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>17,515</b>	<b>31,018</b>
Effects of currency translation on cash and cash equivalents		(7)	15
<b>Cash and cash equivalents at end of the year</b>	21	<b>12,217</b>	<b>17,515</b>

The accompanying notes from an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 1. GENERAL INFORMATION

Hygieia Group Limited (the “**Company**”) was incorporated on 28 February 2019 in the Cayman Islands as an exempted Company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company’s registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its parent is TEK Assets Management Limited (“**TEK Assets Management**”) which was incorporated in the British Virgin Islands (the “**BVI**”). Its ultimate controlling party is Mr. Toh Eng Kui (“**Mr. Toh**”), who is also the chairman and executive director of the Company.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of cleaning services. The principal place of business in Singapore of the Group is at 6 Tagore Drive, #B1-02, Singapore 787623.

The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 3 July 2020.

The consolidated financial statements are presented in Singapore dollars (“**S\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousands (S\$’000), except when otherwise stated.

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

### **New and amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the “**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) – *continued*

#### **New and amendments to IFRSs that are mandatorily effective for the current year – *continued***

##### ***Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group’s financial position and performance, except that the Group disclosed the related deferred tax assets of S\$324,000 and deferred tax liabilities of S\$324,000 as at 1 January 2022 on a gross basis in Note 25 but it has no material impact on the retained profits at the earliest period presented.

#### **New and amendments to IFRSs in issued but not yet effective**

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### Revenue recognition

#### ***Revenue from contracts with customers***

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Revenue recognition** – *continued*

Further details of the Group's revenue and other income recognition policies are as follows:

##### **(a) Revenue from provision of cleaning services**

The Group provides general cleaning works for a variety of public and private venues in Singapore such as shopping malls, commercial and industrial buildings, schools, hotels, private condominiums as well as public access areas in town councils. The Group also provides general cleaning works for private customers in respect of private residences, offices, retail outlets and industrial buildings in Thailand.

The Group has primary responsibility for the fulfilment of the cleaning services to the customers and has discretion in selecting its subcontractors to provide part of the service, direct those subcontractors in fulfilling different contracts and has discretion over the price-setting with subcontractor.

The Group identifies the performance obligations in a contract with customers. A performance obligation of cleaning services is a promise in a contract to render the cleaning services to a customer. Different services in a contract are accounted for as a different performance obligation, if they are capable of being distinct. The Group identifies and recognises revenue for performance obligations separately if it is capable of being distinct.

The Group recognises the revenue over time as the customer receives and consumes the benefits provided by the Group's performance as the Group performs. The cleaning services are a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (the services transfer to the customer over time under the same method to measure progress—that is, a time-based measure of progress). The Group has a right to invoice with reference to its services provided to the customer at a predetermined rate as stated in the contract. The Group usually issues invoices to its customers on a monthly basis with a 0–90 days credit term. The Group's billings to its customers are invoiced at amounts that correspond with the value of the Group's performance completed to date based on the pre-determined rates as stated in the service contracts and the Group applies the practical expedient to simplify disclosure regarding remaining performance obligations.

When determining the transaction price, the Group considers whether there is any financing component. The Group considers whether the payment schedule commensurates with the Group's performance and whether the delayed payment is for finance purpose. The Group assessed that there was no arrangement with customers that has a significant financing component.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### Revenue recognition – *continued*

#### (a) Revenue from provision of cleaning services – *continued*

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates of transaction price, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The contractual penalties or liquidated damages are treated as variable consideration under IFRS 15 *Revenue from Contracts with Customers* and the amounts are included in transaction price to the extent that it is highly probable that contract revenue will not reverse.

There is no material cost of obtaining contracts of the Group.

There is no obligation for warranty, returns, or refunds for the sales contract.

#### (b) Sales of goods

The Group sells cleaning consumables (i.e. detergents). Revenue from the sale of these goods is recognised when control of the goods have transferred to its customers, being when the consumables is delivered to locations specified by its customer and the customer has accepted the goods (i.e. at a point in time). The Group issues billing as and when goods are delivered. No element of financing is deemed present as sales of goods are made with credit terms of 30 days.

#### (c) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost, the effective interest rate is applied to the gross carrying amount of the asset.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Lease**

##### ***Definition of a lease***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or on arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### ***The Group as a lessee***

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Lease** – *continued*

#### **The Group as a lessee** – *continued*

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Lease** – *continued*

#### **The Group as a lessee** – *continued*

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Lease** – *continued*

#### **The Group as a lessee** – *continued*

##### *Lease liabilities – continued*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

##### *Lease modifications*

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Lease** – *continued*

**The Group as a lessee** – *continued*

*Lease modifications – continued*

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

*Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform*

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the Group uses the revised discount rate that reflects change in the interest rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

If lease modifications are made in addition to those lease modifications required by interest rate benchmark reform, the Group applies the applicable requirements in IFRS 16 (see the accounting policy above) to account for all lease modifications made at the same time, including those required by interest rate benchmark reform.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Lease** – *continued*

#### ***The Group as a lessee*** – *continued*

##### *Covid-19-related rent concessions*

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022;
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amount forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

#### ***The Group as a lessor***

##### *Classification and measurement of leases*

All leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. S\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of currency translation reserve (attributed to non-controlling interests as appropriate).

#### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

#### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### Employee benefits

#### ***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund (“CPF”) in Singapore, on a mandatory, contractual or voluntary basis, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group’s contributions to defined contribution plans are recognised in the financial year to which they relate.

#### ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

### Taxation

Income tax expense represents the sum of current and deferred income tax expense.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit/(loss) before income tax” as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### ***Deferred tax***

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Taxation** – *continued*

##### **Deferred tax** – *continued*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Freehold properties	50 years
Cleaning equipment	3 years
Motor vehicles	3–6 years
Office equipment and furniture and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains, net" in the consolidated statement of profit or loss and other comprehensive income.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Impairment on property, plant and equipment and right-of-use assets**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Impairment on property, plant and equipment and right-of-use assets – *continued***

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Provision**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss (“**FVTPL**”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Financial instruments** – *continued*

#### **Financial assets**

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9 of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Financial instruments** – *continued*

#### **Financial assets** – *continued*

#### *Classification and subsequent measurement of financial assets – continued*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and trade receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Financial instruments** – *continued*

#### **Financial assets** – *continued*

##### *Impairment of financial assets*

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and other receivables, deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Financial instruments** – *continued*

#### **Financial assets** – *continued*

#### *Impairment of financial assets – continued*

##### (i) Significant increase in credit risk – *continued*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – continued

### Financial instruments – continued

#### Financial assets – continued

##### Impairment of financial assets – continued

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts remain unsettled for more than 365 days since invoice date, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

#### **Financial instruments** – *continued*

#### **Financial assets** – *continued*

#### *Impairment of financial assets – continued*

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Financial instruments** – *continued*

#### **Financial assets** – *continued*

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### **Financial liabilities and equity**

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables, borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### **Financial instruments** – *continued*

#### **Financial liabilities and equity** – *continued*

##### *Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform*

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in IFRS 9 on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

### **Related parties transactions**

A party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

### Related parties transactions – *continued*

A party is considered to be related to the Group if: – *continued*

- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of the person or that person's spouse or domestic partner.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### **Provision of ECL for trade receivables**

The Group uses practical expedient in estimating ECL on trade receivables using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Significant judgement and estimates is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection history, subsequent settlement of each customer. Further details of the ECL assessment on trade receivables are disclosed in Note 31.

### 6. REVENUE AND SEGMENT INFORMATION

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective. The executive directors regard the Group's business as one single operating segment that qualifies as reportable segment under IFRS 8 Operating Segments and review the financial information accordingly for the purposes of allocating resources and assessing performance of the operating segment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 6. REVENUE AND SEGMENT INFORMATION – continued

### (a) Disaggregation of revenue from contracts with customers

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Provision of cleaning services	<b>66,454</b>	63,182
Sale of goods	<b>84</b>	243
	<b><u>66,538</u></b>	<u>63,425</u>
Timing of revenue recognition:		
Over time	<b>66,454</b>	63,182
Point in time	<b>84</b>	243
	<b><u>66,538</u></b>	<u>63,425</u>

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

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Singapore	<b>58,860</b>	60,292
Thailand	<b>7,678</b>	3,133
	<b><u>66,538</u></b>	<u>63,425</u>

Revenue from customers of the years ended 31 December 2023 and 31 December 2022 contributing over 10% of the Group's revenue is as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Customer A	<b><u>N/A<sup>1</sup></u></b>	<u>6,762</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 6. REVENUE AND SEGMENT INFORMATION – *continued*

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

	2023 S\$'000	2022 S\$'000
Singapore	4,468	4,317
Thailand	135	55
	<u>4,603</u>	<u>4,372</u>

### 7. OTHER INCOME

	2023 S\$'000	2022 S\$'000
Interest income	366	37
Rental income	10	60
Others	30	24
	<u>406</u>	<u>121</u>

### 8. OTHER GAINS, NET

	2023 S\$'000	2022 S\$'000
Net exchange (loss)/gain	(44)	63
Gain on disposal of property, plant and equipment	40	127
Gain on lease termination	5	2
	<u>1</u>	<u>192</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Salaries and other allowances	<b>40,567</b>	34,746
Employer's contribution to defined contribution plan	<b>2,902</b>	2,846
Other employee benefits	<b>689</b>	688
	<b>44,158</b>	38,280

Included in employee benefit expenses are government grants on employment credit and the Jobs Growth Incentive provided by Singapore government which has been netted off against the wages and salaries amounting to S\$637,000 for the year ended 31 December 2023 (2022: S\$2,949,000).

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

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

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Cost of sales	<b>38,617</b>	33,483
Administrative expenses	<b>5,541</b>	4,797
	<b>44,158</b>	38,280



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 10. FINANCE COSTS

	2023 S\$'000	2022 S\$'000
Interest on term loan	104	161
Interest on lease liabilities	68	68
Interest on hire purchase arrangement	31	46
	<u>203</u>	<u>275</u>

### 11. INCOME TAX EXPENSE

	2023 S\$'000	2022 S\$'000
Current tax:		
– Singapore corporate income tax (“CIT”)	122	175
(Over)/under provision in prior years	(45)	53
	<u>77</u>	<u>228</u>

Singapore CIT is calculated at 17% of the estimated assessable profit for the year ended 31 December 2023 (2022: 17%).

Thailand income tax is calculated at the 20% of the estimated assessable profit for the year ended 31 December 2023 (2022: 20%).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 11. INCOME TAX EXPENSE – continued

The income tax expense for the year can be reconciled to the profit/(loss) before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Profit/(loss) before income tax	<b>552</b>	(1,371)
Tax calculated at tax rate of 17%	<b>94</b>	(233)
Statutory stepped income exemption (Note (a))	<b>(35)</b>	(35)
Income not taxable for tax purposes	<b>(14)</b>	(26)
Expenses not deductible for tax purposes	<b>140</b>	465
Tax savings from government scheme (Note (b))	<b>(2)</b>	(19)
Utilisation of tax losses previously not recognised (Note (c))	<b>(17)</b>	(11)
Tax effect of deductible temporary differences not recognised	<b>–</b>	27
Utilisation of deductible temporary differences previously not recognised	<b>(50)</b>	(6)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>6</b>	13
(Over)/under provision in prior years	<b>(45)</b>	53
	<b>77</b>	228

Notes:

- (a) Statutory stepped income exemption relates to 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$190,000 of chargeable income for the years ended 31 December 2023 and 2022.
- (b) Tax savings from government scheme relate to Productivity and Innovation Credit Scheme (PIC) which allows entities to claim 400% tax deduction on qualifying expenditures. 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 approximately S\$14,000 for the financial year ended 31 December 2023 (2022: S\$111,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 11. INCOME TAX EXPENSE – continued

Notes: – continued

- (c) At the end of the reporting period, the Group has unused tax losses of approximately S\$116,000 (2022: S\$202,000) available for offset against future profits with expiry dates as disclosed in the following table.

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
2026	<b>116</b>	<b>202</b>

No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams.

### 12. EXPENSES BY NATURE

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Auditor's remuneration	<b>121</b>	243
Employee benefit expenses (Note 9)	<b>44,158</b>	38,280
Purchase of supplies	<b>2,715</b>	2,382
Subcontractor charges	<b>10,199</b>	12,964
Foreign worker levies and fees	<b>2,839</b>	2,848
Allowances for ECL on trade receivables (reversed)/recognised	<b>(331)</b>	161
Depreciation of property, plant and equipment (Note 17)	<b>947</b>	941
Depreciation of right-of-use assets (Note 18)	<b>1,536</b>	1,635
Legal and professional fees	<b>580</b>	2,312
Repair and maintenance	<b>414</b>	396
Rental of low-value equipment	<b>163</b>	57
Rental under short-term leases	<b>247</b>	233
Others	<b>2,602</b>	2,382
Total cost of sales and administrative expenses	<b>66,190</b>	64,834

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

<b>Name</b>	<b>Position</b>	<b>Date of appointment as the director of the Company</b>
Toh Eng Kui	Executive director, chairman of the Board and chief executive officer	28 February 2019
Hong Rui Sheng (Note i)	Executive director and chief executive officer	28 February 2019
Peh Poon Chew	Executive director	28 February 2019
Toh Lek Siew	Executive director	2 June 2022
Koh How Thim (Note ii)	Independent non-executive director	18 December 2019
Tan Wu Hao (Note iii)	Independent non-executive director	18 December 2019
Wong Yuk	Independent non-executive director	18 December 2019
Lew Chern Yong (Note iv)	Independent non-executive director	31 August 2023
Leung Chi Hang, Benson (Note v)	Independent non-executive director	29 February 2024

Notes:

- i Mr. Hong Rui Sheng has given notice of resignation from his position as an executive director and the chief executive officer of the Company on 1 April 2022 and his last day of service was 30 June 2022.
- ii Mr. Koh How Thim has tendered his resignation from his position as an independent non-executive director of the Company on 5 January 2024, with effect from 5 April 2024.
- iii Mr. Tan Wu Hao has tendered his resignation from his position as an independent non-executive director of the Company on 31 August 2023, with effect from 1 September 2023.
- iv Mr. Lew Chern Yong has been appointed as an independent non-executive director of the Company on 31 August 2023, with effect from 1 September 2023.
- v Mr. Leung Chi Hang, Benson has been appointed as an independent non-executive director of the Company on 29 February 2024, with effect from 5 April 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS – continued

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive during the year for their services rendered to the entities comprising the Group are as follows:

#### For the year ended 31 December 2023

	Fees S\$'000	Salaries and allowances S\$'000	Bonus S\$'000	Employer's contribution to defined contribution plan S\$'000	Total S\$'000
<b>Executive directors</b>					
Toh Eng Kui	240	300	250	11	801
Peh Poon Chew	–	240	200	8	448
Toh Lek Siew	44	120	150	15	329
<b>Independent non-executive directors</b>					
Koh How Thim	42	–	–	–	42
Lew Chern Yong	14	–	–	–	14
Tan Wu Hao	28	–	–	–	28
Wong Yuk	46	–	–	–	46
	<b>414</b>	<b>660</b>	<b>600</b>	<b>34</b>	<b>1,708</b>

#### For the year ended 31 December 2022

	Fees S\$'000	Salaries and allowances S\$'000	Bonus S\$'000	Employer's contribution to defined contribution plan S\$'000	Total S\$'000
<b>Executive directors</b>					
Toh Eng Kui	240	300	–	7	547
Hong Rui Sheng	–	125	–	11	136
Peh Poon Chew	–	235	–	6	241
Toh Lek Siew	44	120	–	11	175
<b>Independent non-executive directors</b>					
Koh How Thim	42	–	–	–	42
Tan Wu Hao	42	–	–	–	42
Wong Yuk	42	–	–	–	42
	<b>410</b>	<b>780</b>	<b>–</b>	<b>35</b>	<b>1,225</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



### 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS – *continued*

The executive directors' and the chief executive officer's emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors.

The executive directors and the chief executive officer of the Company are entitled to bonus payments which are determined based on their performances.

There was no arrangement under which a director or the chief executive officer of the Company waived or agreed to waive any remuneration during the year ended 31 December 2023 (2022: Nil).

During the year ended 31 December 2023, no emoluments have been paid by the Group to any of the directors and the chief executive officer as an inducement to join or upon joining the Group as compensation for loss of office (2022: Nil).

Save as disclosed elsewhere in the consolidated financial statements, no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2022: two directors), details of whose remuneration are set out in Note 13 above. Details of the remaining two (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Salaries, allowances and other benefits	<b>964</b>	1,314
Employer's contribution to defined contribution plan	<b>28</b>	63
	<b>992</b>	1,377

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	<b>Number of employees</b>	
	<b>2023</b>	2022
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	<b>1</b>	–
HK\$3,500,001 to HK\$4,000,000	<b>1</b>	–
HK\$4,500,001 to HK\$5,000,000	–	1
	<b>2</b>	3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 15. EARNINGS/(LOSS) PER SHARE

	<b>2023</b>	2022
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share:		
Profit/(loss) attributable to the owners of the Company (S\$'000)	<b>454</b>	(1,604)
Number of shares for the purpose of basic and diluted earnings/(loss) per share:		
Weighted average number of ordinary shares in issue ('000)	<b>2,000,000</b>	2,000,000
Basic and diluted earnings/(loss) per share (Singapore cents)	<b>0.02</b>	(0.08)

Diluted earnings/(loss) per share for both years were the same as the basic earnings/(loss) per share as there was no potential ordinary shares in issue for both 2023 and 2022.

## 16. DIVIDENDS

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 Final – S\$0.0015 per ordinary share	–	3,000
2021 Final – S\$0.00075 per ordinary share	–	1,500
2022 Final – S\$0.001 per ordinary share	<b>2,000</b>	–
	<b>2,000</b>	4,500

Subsequent to the end of the reporting period, a final dividend of S\$0.0015 per ordinary share for the year ended 31 December 2023 has been proposed by the Board and is subject to shareholders' approval at the forthcoming annual general meeting of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 17. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties S\$'000	Cleaning equipment S\$'000	Motor vehicles S\$'000	Office equipment, furniture and fitting S\$'000	Total S\$'000
<b>Cost</b>					
At 1 January 2022	2,352	4,793	1,386	1,160	9,691
Additions	–	517	373	52	942
Disposals	–	(483)	(529)	–	(1,012)
Written off	–	(61)	–	(187)	(248)
Exchange adjustments	–	(2)	(2)	(2)	(6)
At 31 December 2022 and 1 January 2023	2,352	4,764	1,228	1,023	9,367
Additions	–	586	256	52	894
Disposals	–	–	(178)	–	(178)
Written off	–	(7)	–	–	(7)
Exchange adjustments	–	(1)	–	–	(1)
At 31 December 2023	2,352	5,342	1,306	1,075	10,075
<b>Accumulated depreciation</b>					
At 1 January 2022	979	3,575	1,048	1,090	6,692
Depreciation (Note 12)	48	670	162	61	941
Disposals	–	(459)	(189)	–	(648)
Written off	–	(61)	–	(187)	(248)
Exchange adjustments	–	(1)	(1)	(1)	(3)
At 31 December 2022 and 1 January 2023	1,027	3,724	1,020	963	6,734
Depreciation (Note 12)	48	709	120	70	947
Disposals	–	–	(138)	–	(138)
Written off	–	(7)	–	–	(7)
Exchange adjustments	–	–	–	–	–
At 31 December 2023	1,075	4,426	1,002	1,033	7,536
<b>Net carrying amount</b>					
<b>At 31 December 2023</b>	<b>1,277</b>	<b>916</b>	<b>304</b>	<b>42</b>	<b>2,539</b>
At 31 December 2022	1,325	1,040	208	60	2,633

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 17. PROPERTY, PLANT AND EQUIPMENT – continued

Depreciation expenses are charged to administrative expenses and cost of sales in consolidated profit or loss as follows:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Cost of sales	<b>829</b>	834
Administrative expenses	<b>118</b>	107
	<b>947</b>	941

The carrying amounts of motor vehicles and cleaning equipment under hire purchase arrangement are as follows:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Cleaning equipment	<b>14</b>	33
Motor vehicles	<b>298</b>	187

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 18. RIGHT-OF-USE ASSETS

	S\$'000
<b>At 31 December 2023</b>	
Carrying amount	<b><u>2,064</u></b>
At 31 December 2022	
Carrying amount	<b><u>1,739</u></b>
<b>For the year ended 31 December 2023</b>	
Depreciation	<b><u>1,536</u></b>
For the year ended 31 December 2022	
Depreciation	<b><u>1,635</u></b>
	2023
	2022
	S\$'000
	S\$'000
Expenses relating to short-term leases	247
Expenses relating to leases of low-value assets	163
Total cash outflow for leases	2,008
Additions to right-of-use assets	2,112
Termination of lease	(251)
	<b><u>1,988</u></b>
	<b><u>1,556</u></b>
	<b><u>(88)</u></b>

For the year ended 31 December 2023, the Group leases workers' accommodation and equipment for its operations. Lease contracts are entered into for fixed term of few months to three years (2022: few months to three years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The lease agreements do not impose any covenants, but leased assets may not be used as a security for borrowing purpose.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Trade receivables	<b>14,066</b>	10,656
Unbilled revenue	<b>1,642</b>	3,017
	<b>15,708</b>	13,673
Allowances for ECL	-	(331)
	<b>15,708</b>	13,342
Deposits	<b>701</b>	579
Prepayments	<b>285</b>	335
Other receivables	<b>594</b>	728
	<b>1,580</b>	1,642
Total	<b>17,288</b>	14,984

### (a) Trade receivables

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

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
0 to 30 days	<b>7,072</b>	5,493
31 to 60 days	<b>4,535</b>	3,378
61 to 90 days	<b>1,126</b>	643
91 to 120 days	<b>502</b>	235
Over 120 days	<b>831</b>	576
	<b>14,066</b>	10,325



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – *continued*

#### (a) Trade receivables – *continued*

The Group's customers comprise mainly (i) commercial, industrial, residential premises in the private sector, and (ii) Singapore government agencies and residential premises in the public sector. At 31 December 2023, the Group assessed that the expected loss rate for trade receivables was immaterial and no allowance for ECL was recognised (2022: S\$331,000).

Details of ECL assessment on trade receivables are disclosed in Note 32.

#### (b) Deposits and other receivables

Deposits at 31 December 2023 and 31 December 2022 mainly represent rental deposits for workers' accommodation and equipment, utilities deposits and performance deposit.

Details of ECL assessment on deposits and other receivables are disclosed in Note 32.

#### (c) Prepayments

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 20. CASH AND CASH EQUIVALENTS/FIXED BANK DEPOSITS

The Group's cash and cash equivalents are as follows:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Cash on hand	<b>346</b>	302
Cash at banks	<b>11,871</b>	17,213
	<b>12,217</b>	17,515

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

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
S\$	<b>11,772</b>	17,133
Hong Kong Dollar ("HK\$")	<b>269</b>	65
Thai baht ("THB")	<b>175</b>	316
United States Dollar	<b>1</b>	1
	<b>12,217</b>	17,515

Fixed bank deposits with maturity of more than three months carry interest at market rates ranging from 3.1% to 3.7% per annum (2022: 3.0% to 4.3% per annum).

Details of ECL assessment on bank balances are disclosed in Note 32.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 21. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000	Amount S\$'000
Ordinary share of HK\$0.01 each			
<b>Authorised:</b>			
<b>At 31 December 2022 and 2023</b>	<b>10,000,000,000</b>	<b>100,000</b>	<b>20,000</b>
	Number of ordinary shares	Amount HK\$'000	Amount S\$'000
Ordinary share of HK\$0.01 each			
<b>Issued and fully paid:</b>			
<b>At 31 December 2022 and 2023</b>	<b>2,000,000,000</b>	<b>20,000</b>	<b>3,592</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 22. TRADE AND OTHER PAYABLES

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Trade payables	<b>1,782</b>	2,337
Other payables	<b>1,351</b>	1,290
Accrued expenses	<b>691</b>	320
Accrued employee benefit expenses	<b>4,394</b>	3,630
	<hr/> <b>8,218</b> <hr/>	<hr/> 7,577 <hr/>

The ageing analysis of the Group's trade payables based on invoice dates at 31 December 2023 and 31 December 2022 were as follows:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
0 to 30 days	<b>810</b>	1,610
31 to 60 days	<b>542</b>	449
61 to 90 days	<b>275</b>	152
Over 90 days	<b>155</b>	126
	<hr/> <b>1,782</b> <hr/>	<hr/> 2,337 <hr/>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 23. BORROWINGS

	2023 S\$'000	2022 S\$'000
<b>Current</b>		
Term loans (Note (a))	1,754	1,735
Hire purchase loans (Note (b))	139	149
	<u>1,893</u>	<u>1,884</u>
<b>Non-current</b>		
Term loans (Note (a))	1,970	3,725
Hire purchase loans (Note (b))	93	153
	<u>2,063</u>	<u>3,878</u>
Total borrowings	<u><u>3,956</u></u>	<u><u>5,762</u></u>

#### (a) Trade receivables financing and term loans

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

	2023 S\$'000	2022 S\$'000
<b>Carrying amounts repayable:</b>		
- Within one year	1,754	1,735
- Between one to two years	1,773	1,755
- Between two to five years	197	1,970
	<u>3,724</u>	<u>5,460</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 23. BORROWINGS – continued

### (a) Trade receivables financing and term loans – continued

Term loans are interest-bearing at fixed rate ranged from 2.0% to 2.5% per annum.

Trade receivables financing and term loans 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 provided by the Company.

For outstanding term loans of Eng Leng, Eng Leng covenanted with the bank to maintain:

- a minimum adjusted tangible net worth which is defined as book net worth less intangibles and related party loans and adjusted for fair value of security pledged to the bank of S\$15,000,000 (2022: S\$5,000,000) at all time; and
- a minimum ratio of earnings before interest, taxes, depreciation, and amortisation to the sum of interest expense and current portion of its borrowings of 1.5:1 (“DSCR”).

During the year, in respect of a term loan with a carrying amount of S\$2,000,000 as at 31 December 2023, the Group breached the term of the term loan related to DSCR. The Group has obtained a waiver from the relevant bank that it would not demand immediate repayment of the term loan as a result of the breach of the financial covenant.

The undrawn banking facilities for trade receivables financing of the Group at the end of each reporting period are as follows:

	<b>2023</b> <b>S\$'000</b>	2022 S\$'000
Floating rate:		
– Expiring beyond one year	<b>5,000</b>	5,000

The banking facilities may be drawn at any time in S\$ for trade financing purpose.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 23. BORROWINGS – continued

#### (b) Hire purchase loans

	2023 S\$'000	2022 S\$'000
<b>Hire purchase payments due:</b>		
– Within one year	160	177
– More than one year	103	181
	<hr/>	<hr/>
Total hire purchase payments	263	358
Less: future finance charges	(31)	(56)
	<hr/>	<hr/>
	232	302
Less: non-current portion	(93)	(153)
	<hr/>	<hr/>
Current portion	139	149
	<hr/> <hr/>	<hr/> <hr/>

The Group's certain cleaning equipment and motor vehicles are under hire purchase arrangements with financial institutions. During the year ended 31 December 2023, the weighted average effective interest rate of the hire purchase loan is approximately 5.91% (2022: 5.85%). The legal titles of these assets are transferred to the Group after payment of all installments by the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



### 24. LEASE LIABILITIES

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
<b>Lease payments due:</b>		
– Within one year	<b>1,496</b>	1,204
– More than one year	<b>655</b>	606
	<hr/>	<hr/>
Total lease payments	<b>2,151</b>	1,810
Less: future finance charges	<b>(65)</b>	(50)
	<hr/>	<hr/>
	<b>2,086</b>	1,760
Less: non-current portion	<b>(642)</b>	(592)
	<hr/>	<hr/>
Current portion	<b>1,444</b>	1,168
	<hr/> <hr/>	<hr/> <hr/>
<b>Presented as:</b>		
Current	<b>1,444</b>	1,168
Non-current	<b>642</b>	592
	<hr/>	<hr/>
	<b>2,086</b>	1,760
	<hr/> <hr/>	<hr/> <hr/>

The discount rate applied on lease liabilities for the year ended 31 December 2023 is 3.75% (2022: 3.75%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 25. DEFERRED TAX ASSET/LIABILITY

For the purpose of presentation in the consolidated statement of financial position, deferred tax asset and liability have been offset. The following are the major deferred tax asset/(liability) recognised and movements thereon during the current and prior years:

	<b>Right-of-use assets</b> S\$'000	<b>Lease liabilities</b> S\$'000	<b>Total</b> S\$'000
At 1 January 2022	–	–	–
Adjustment (Note 2)	(324)	324	–
At 1 January 2022 (restated)	(324)	324	–
Credit/(charge) to profit or loss	28	(28)	–
At 31 December 2022 and 1 January 2023	(296)	296	–
(Charge)/credit to profit or loss	(55)	55	–
<b>At 31 December 2023</b>	<b>(351)</b>	<b>351</b>	<b>–</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 26. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

### (a) Statement of financial position of the Company

	Note	2023 S\$'000	2022 S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		55,821	55,821
<b>Current assets</b>			
Amount due from a subsidiary		5,178	5,770
Cash and cash equivalents		29	29
		<b>5,207</b>	5,799
<b>Total assets</b>		<b>61,028</b>	61,620
<b>EQUITY</b>			
Share capital	21	3,592	3,592
Reserves		56,781	57,477
<b>Total equity</b>		<b>60,373</b>	61,069
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrual and other payables		655	551

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 26. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

#### (a) Statement of financial position of the Company – *continued*

	2023 S\$'000	2022 S\$'000
<b>Total equity and liabilities</b>	<b>61,028</b>	61,620
<b>Net current assets</b>	<b>4,552</b>	5,248
<b>Total assets less current liabilities</b>	<b>60,373</b>	61,069

The financial statements were approved and authorised for issue by the Board on 28 March 2024 and signed on its behalf by:

**Toh Eng Kui**

*Director*

**Peh Poon Chew**

*Director*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 26. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – continued

### (b) Reserves of the Company

	Share premium	Accumulated losses	Total
Note	S\$'000	S\$'000	S\$'000
At 1 January 2022	68,994	(9,002)	59,992
Profit and total comprehensive income for the year	–	1,985	1,985
Dividend paid	–	(4,500)	(4,500)
	<hr/>	<hr/>	<hr/>
At 31 December 2022 and 1 January 2023	68,994	(11,517)	57,477
Profit and total comprehensive income for the year	–	1,304	1,304
Dividend paid	–	(2,000)	(2,000)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2023</b>	<b><u>68,994</u></b>	<b><u>(12,213)</u></b>	<b><u>56,781</u></b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 27. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2023 and 2022 are as follows:

Name	Principal activities	Country of business/ incorporation	Date of incorporation	Issued and paid up capital	Effective interest held by the Group	
					2023 %	2022 %
<b>Directly held by the Company</b>						
Eng Leng Limited	Investment holding	BVI	27 February 2019	Nil	<b>100</b>	100
Titan Facilities Management Limited	Investment holding	BVI	27 February 2019	Nil	<b>100</b>	100
<b>Indirectly held by the Company</b>						
Eng Leng	Cleaning services	Singapore	27 June 1991	S\$3,000,000	<b>100</b>	100
Titan Facilities Management Pte. Ltd.	Cleaning services	Singapore	23 January 2006	S\$1,500,000	<b>100</b>	100
Eng Leng Waste Management Pte. Ltd.	Collection of waste and recycling of metal waste and scrap	Singapore	15 October 2021	S\$1,000	<b>100</b>	100
EL Holding Co., Ltd. ("EL Holding") (Note (i), (ii))	Investment holding	Thailand	7 March 2019	THB2,000,000 (2022: THB1,000,000)	<b>49</b>	49
Eng Leng (Thailand) Co., Ltd. ("Eng Leng Thailand") (Note (ii))	Cleaning services	Thailand	25 October 2016	THB10,000,000 (2022: THB5,000,000)	<b>72</b>	72

Notes:

- (i) The Company indirectly held 9,798 ordinary shares in EL Holding which corresponds to 82.75% of voting rights as every ordinary share in EL Holding shall entitle its shareholder to one vote at a general meeting while every five preference shares held in EL Holding shall entitle its shareholder to one vote at a general meeting. In addition, ordinary shareholders and preference shareholders are also entitled to approximately 80.4% and 19.6% of EL Holding's dividend payout, respectively. Accordingly, the Group had effective control over EL Holding throughout the reporting period.
- (ii) The directors consider that EL Holding and Eng Leng Thailand, the non-wholly owned subsidiaries that have non-controlling interests, are not material to the Group. Accordingly, the financial information of EL Holding and Eng Leng Thailand is not separately presented in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 28. TRANSACTION WITH NON-CONTROLLING INTERESTS

### Capital contribution from non-controlling interests

- (a) On 10 August 2023, EL Holding increased the share capital by issuing new shares with a capital contribution of THB1,000,000 (equivalent to approximately S\$39,000) from Eng Leng and its non-controlling shareholders. Capital injection by non-controlling shareholders amounted to S\$19,000 was recorded in the consolidated statements of changes in equity for the year ended 31 December 2023.
- (b) On 10 August 2023, Eng Leng Thailand increased the share capital by issuing new shares with a capital contribution of THB5,000,000 (equivalent to approximately S\$193,000) from Eng Leng and its non-controlling shareholders. Capital injection by non-controlling shareholders amounted to S\$4,000 was recorded in the consolidated statements of changes in equity for the year ended 31 December 2023.

## 29. 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:

	2023 S\$'000	2022 S\$'000
Purchase of subcontracting services from an entity owned by a close family member of a director of an operating entity	309	333

### (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 13.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 30. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme pursuant to the Board's resolution passed on 8 June 2020 (the "**Share Option Scheme**"). The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption.

The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons.

The eligible persons include directors of any member of the Group; full time or part time employees of any member of the Group; direct or indirect shareholder of any member of the Group; customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; supplier of goods or services, person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; any person involved in the business affairs of the Company whom the Board determines to be appropriate; and associate of any of the persons abovementioned.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at the listing date (such 10% limit representing 200,000,000 shares) excluding shares which may fall to be issued upon the exercise of the over-allotment option granted by the Company (the "**Scheme Mandate Limit**"). The Company may seek approval by the shareholders of the Company in general meeting for granting share options beyond the Scheme Mandate Limit. The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company's issued share capital from time to time.

The exercise price is determined by the Board, and is not less than the highest of (i) the nominal value of the Company's share on the date of grant; (ii) the closing price of the Company's shares as stated in the Stock Exchange on the date of grant; and (iii) the average closing price of the Company's shares as stated in the Stock Exchange for the five business days immediately preceding the date of grant.

During the years ended 31 December 2023 and 2022, no share option under the Share Option Scheme was granted, exercised, lapsed or cancelled. At 31 December 2023 and 2022, there was no outstanding share options under the Share Option Scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 31. CAPITAL RISK MANAGEMENT

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as bank borrowings less cash and cash equivalents. The Group manages its gearing ratio by regularly monitoring its current and expected liquidity requirement and adjusting its the capital structure to reflect the change in economic conditions affecting the Group.

The gearing ratios at 31 December 2023 and 2022 were as follows:

	<b>2023</b>	2022
	<b>S\$'000</b>	S\$'000
Borrowings	<b>3,956</b>	5,762
Less: cash and cash equivalents	<b>(12,217)</b>	(17,515)
Net cash	<b>(8,261)</b>	(11,753)
Total equity	<b>30,094</b>	31,597
<b>Gearing ratio</b>	<b>N/A</b>	N/A

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 32. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2023 S\$'000	2022 S\$'000
<b>Financial assets</b>		
Financial assets at amortised cost		
– Trade and other receivables and deposits	16,832	14,649
– Fixed bank deposits	10,367	10,000
– Cash and cash equivalents	12,217	17,515
	<u>39,416</u>	<u>42,164</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
– Borrowings	3,956	5,762
– Trade and other payables	1,990	2,826
– Lease liabilities	2,086	1,760
	<u>8,032</u>	<u>10,348</u>

### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables and deposits, cash and cash equivalents, fixed bank deposits, borrowings, trade and other payables and lease liabilities.

The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by finance personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the directors. The information presented below is based on information received by the management team.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 32. FINANCIAL INSTRUMENTS – continued

### (b) Financial risk management objectives and policies – continued

#### Market risk

##### Foreign currency risk

The Group operates in Singapore and Thailand and majority of the transactions are denominated in S\$, HK\$ and THB. Foreign currency risk arises from future commercial transactions, which are denominated in a currency that is not the functional currency of the group entities.

At the end of each reporting period, the carrying amounts of the monetary assets and liabilities of the Group, which are denominated in HK\$, that is not the functional currency of the group entities are as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
HK\$	<u>269</u>	<u>65</u>	<u>655</u>	<u>551</u>

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group's sensitivity to a 5% increase and decrease in S\$ against HK\$. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

For the year ended 31 December 2023, a negative number below indicates a decrease in post-tax profit where S\$ weakens 5% against HK\$. For a 5% strengthening of S\$ against HK\$, there would be an equal and opposite impact on the post-tax profit and the number below would be positive.

For the year ended 31 December 2022, a negative number below indicates an increase in post-tax loss where S\$ weakens 5% against HK\$. For a 5% strengthening of S\$ against HK\$, there would be an equal and opposite impact on the post-tax loss and the number below would be positive.

	2023	2022
	S\$'000	S\$'000
If S\$ strengthens against HK\$ by 5%	16	20
If S\$ weakens against HK\$ by 5%	<u>(16)</u>	<u>(20)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 32. FINANCIAL INSTRUMENTS – *continued*

#### (b) Financial risk management objectives and policies – *continued*

##### **Market risk** – *continued*

##### *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to its cash at banks with variable rates.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate cash at banks is insignificant for both years.

The Group currently does not have an interest rate hedging policy to hedge against the exposure. The Group will monitor its interest exposure closely and will consider hedging significant interest exposure should the need arise.

##### **Credit risk and impairment assessment**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's is exposed to credit risk in relation to its bank balances (including cash at banks and fixed bank deposits), trade and other receivables and deposits.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



## 32. FINANCIAL INSTRUMENTS – continued

### (b) Financial risk management objectives and policies – continued

#### *Credit risk and impairment assessment – continued*

Credit exposure to an individual debtor is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The debtor's payment profile and credit exposure are continuously monitored by the directors of the Group.

The Group is exposed to concentration of credit risk at 31 December 2023 and 2022 on trade receivables from the Group's top three customers accounted for 21% and 30% of the total trade receivables balance, respectively. The major customers of the Group are reputable organisations. Management considers that the credit risk is limited in this regard.

#### *Trade receivables*

For trade receivables, the debtors are mainly large corporations and government related agencies. The Group applies the IFRS 9 simplified approach to measure lifetime ECL for all trade receivables.

Management assesses ECL on trade receivables according to trade receivable's ageing, management's prior experience and customers' conditions as well as applying management's judgments and estimates when determining ECL to be recognised.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical loss rates experienced and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at 31 December 2023, the Group assessed that the allowances for ECL on trade receivables was immaterial.

The following table provides information about the Group's exposure to credit risk and allowances for ECL on trade receivables as at 31 December 2022:

<b>Past due status</b>	<b>ECL rate</b>	<b>Gross carrying amount</b>	<b>Allowances for ECL recognised</b>	<b>Net carrying amount</b>
	%	S\$'000	S\$'000	S\$'000
At 31 December 2022				
Not yet past due	0.03	6,798	(2)	6,796
1-30 days past due	3.47	2,191	(76)	2,115
Over 30 days past due	15.18	1,667	(253)	1,414
		10,656	(331)	10,325



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 32. FINANCIAL INSTRUMENTS – continued

### (b) Financial risk management objectives and policies – continued

#### *Credit risk and impairment assessment – continued*

##### *Trade receivables – continued*

The following table shows the movement in lifetime ECL (not credit-impaired) that has been recognised for trade receivables under the simplified approach.

	<b>Lifetime ECL (not credit-impaired)</b> S\$'000
At 1 January 2022	170
Allowances for ECL reversed	<u>161</u>
At 31 December 2022 and 1 January 2023	331
Allowances for ECL reversed	<u>(331)</u>
<b>At 31 December 2023</b>	<b><u><u>–</u></u></b>

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group writes off trade receivables that remains unsettled for more than 365 days since invoice date.

##### *Bank balances*

Majority of bank balances (including cash at banks and fixed banks deposits) are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk.

##### *Other receivables and deposits*

The Group adopted general approach for ECL on other receivables and deposits. The Group consider these financial assets have not significantly increased in credit risk from initial recognition. Thus, 12m ECL on these financial assets are considered. Considering the history of default and forward-looking factor, the 12m ECL is immaterial.



## 32. FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk management objectives and policies – *continued*

#### **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 32. FINANCIAL INSTRUMENTS – continued

### (b) Financial risk management objectives and policies – continued

#### Liquidity risk – continued

At 31 December 2023

	Weighted average interest rate %	On demand or less than 1 year S\$'000	1-2 years S\$'000	2-5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount S\$'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	-	1,990	-	-	1,990	1,990
Lease liabilities	3.75	1,496	580	75	2,151	2,086
Borrowings	2.45	1,980	1,873	226	4,079	3,956
		<u>5,466</u>	<u>2,453</u>	<u>301</u>	<u>8,220</u>	<u>8,032</u>

At 31 December 2022

	Weighted average interest rate %	On demand or less than 1 year S\$'000	1-2 years S\$'000	2-5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount S\$'000
<b>Non-derivative financial liabilities</b>						
Trade and other payables	-	2,826	-	-	2,826	2,826
Lease liabilities	3.75	1,204	568	38	1,810	1,760
Borrowings	2.42	2,016	1,935	2,063	6,014	5,762
		<u>6,046</u>	<u>2,503</u>	<u>2,101</u>	<u>10,650</u>	<u>10,348</u>

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

### (c) Fair value measurements of financial instruments

#### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of financial assets and financial liabilities carried at amortised cost were not materially different from their fair value at 31 December 2023 and 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023



### 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	<b>Borrowings</b>	<b>Lease liabilities</b>	<b>Total</b>
	S\$'000	S\$'000	S\$'000
At 1 January 2022	7,546	1,924	9,470
<b>Non-cash changes</b>			
Finance costs	207	68	275
Termination of lease	–	(90)	(90)
New leases entered	–	1,556	1,556
<b>Cashflows</b>			
Inflow from financing activities	1,877	–	1,877
Outflow from financing activities	<u>(3,868)</u>	<u>(1,698)</u>	<u>(5,566)</u>
At 31 December 2022 and 1 January 2023	5,762	1,760	7,522
<b>Non-cash changes</b>			
Finance costs	<b>135</b>	<b>68</b>	<b>203</b>
Termination of lease	–	<b>(256)</b>	<b>(256)</b>
New leases entered	–	<b>2,112</b>	<b>2,112</b>
<b>Cashflows</b>			
Inflow from financing activities	<b>94</b>	–	<b>94</b>
Outflow from financing activities	<u><b>(2,035)</b></u>	<u><b>(1,598)</b></u>	<u><b>(3,633)</b></u>
<b>At 31 December 2023</b>	<b><u>3,956</u></b>	<b><u>2,086</u></b>	<b><u>6,042</u></b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 34. MAJOR NON-CASH TRANSACTIONS

The Group entered into new lease agreements for workers' accommodation and equipment. On the lease commencement, the Group recognised right-of-use assets of S\$2,112,000 (2022: S\$1,556,000) and lease liabilities of S\$2,112,000 (2022: S\$1,556,000) respectively.

The Group terminated certain lease agreements for workers' accommodation equipment. Upon termination, the Group derecognised right-of-use assets of S\$251,000 (2022: S\$88,000) and lease liabilities of S\$256,000 (2022: S\$90,000) and recognised a gain on lease termination of S\$5,000 (2022: S\$2,000) in profit or loss.

### 35. CONTINGENT LIABILITIES

At 31 December 2023 and 2022, the Group did not have any significant contingent liabilities.

### 36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 28 March 2024.



In this annual report, the following expressions shall have the following meanings unless the context requires otherwise:

“affiliate(s)”	with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held on 30 May 2024
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CG Code”	corporate governance code contained in Appendix C1 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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time



## DEFINITIONS

“Company”	Hygieia Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholders”	has the meaning ascribed thereto in the Listing Rules and unless the context otherwise requires, refers to the controlling shareholders of our Company, namely TEK Assets Management Limited and Mr. Toh Eng Kui
“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 2019–2021 coronavirus outbreak in various countries around the world, including Singapore
“Director(s)”	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”, “our Group”, “we” or “us”	the Company and its subsidiaries from time to time
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards (which include all International Financial Reporting Standards, International Accounting Standards and interpretations) issued by the International Accounting Standards Board



“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
“Latest Practicable Date”	30 April 2024, being the latest practicable date for the purpose of ascertaining certain information in this report prior to its publication
“Listing Date”	3 July 2020, since which the Shares of the Company have been listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Listing”	listing of the Shares on the Main Board of the Stock Exchange on 3 July 2020
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 of 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
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	the prospectus of the Company dated 12 June 2020
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the year ended 31 December 2023
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time





## DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	the shareholder(s) of the Company
“Singapore Government”	the government of Singapore
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Thailand”	the Kingdom of Thailand
“%”	per cent