

**IPO FACT SHEET**
**Hygieia Group Limited (1650)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$125m – HK\$150m
<b>Placement Tranche:</b>	500m
<b>Price:</b>	HK\$0.25 – HK\$0.30
<b>Board lot:</b>	8,000
<b>Entry fee:</b>	HK\$2,424.18
<b>Historical PE</b>	13.36x – 16.04x
<b>Net tangible asset per share:</b>	HK\$0.091 – HK\$0.103
<b>Market Cap (post-IPO):</b>	HK\$500.0m – HK\$600.0m
<b>Open:</b>	31 Dec 2019
<b>Close:</b>	12.00 noon on 8 Jan 2020
<b>Trading:</b>	15 Jan 2020
<b>Sponsor:</b>	Fortune Financial Capital Limited

Year ended 31 Dec	(\$'000)	yoy % chg
Revenue		
2017	56,332	13.2%
2018	72,440	28.6%
Profit for the year/period		
2017	5,174	-25.5%
2018	6,564	26.9%

**BACKGROUND**

- They are an established general cleaning service provider in the environmental services industry headquartered in Singapore with operations in both Singapore and Thailand.
- Based on the Frost & Sullivan Report, they ranked third among the cleaning service providers in Singapore in terms of revenue and market share in 2017. Their Group captured approximately 3.0% market share in the cleaning services industry in Singapore based on their revenue of approximately S\$56.3 million in 2017.
- They primarily provide general cleaning works for a variety of public and private venues including a sports stadium, medical centres, shopping malls, commercial and industrial buildings, schools, hotels, private condominiums as well as public access areas in town councils in Singapore. In Thailand, they provide general cleaning works for private customers at private residences, an office, a hotel and industrial buildings.
- They have more than 25 years of experience in the environmental services industry, and with their L6-graded MW02 workhead for “Housekeeping, Cleansing, Desilting and Conservancy” services currently held by Eng Leng, they are able to tender for public sector service contracts of an unlimited contract value.
- As at the Latest Practicable Date, Eng Leng was one of 27 registered contractors holding an L6-graded MW02 workhead among 418 contractors registered with the MW02 workhead.
- They have a quality management system accredited by their ISO 9001:2015 certification for the provision of cleaning and housekeeping services, and they have been recognised by the NEA through a Clean Mark Silver award for delivering high cleaning standards.

**BUSINESS STRATEGIES**

- Expand their service capacity as well as improve quality and efficiency of their services.
- Broaden their service offerings in Singapore.
- Expansion of in-house waste management services.
- Acquisition of landscaping company.
- Explore business opportunities in the Southeast Asian region.

### COMPETITIVE STRENGTHS

- They have a long and established track record for the provision of cleaning services in Singapore.
- They are experienced, well-equipped and qualified to cater to a variety of customers and can undertake sizable service contracts.
- They have an experienced and stable management team.
- They have established stable relationships with their customers.

### KEY RISKS

- Failure to secure new or renew existing service contracts could materially and adversely affect their financial performance.
- Failure to estimate and manage their costs may result in cost overruns, which may adversely affect their profitability.
- Changes in the PWM and the dependency ceiling ratios may adversely affect their profitability.
- Failure to comply with or observe any requirement in their service contracts may result in the imposition of liquidated damages on them by their customer.
- Delays in collecting their account receivables or failure to properly manage their liquidity position could materially and adversely affect their cash flows and financial position.
- Any fluctuation in the Singapore market will affect their financial performance.
- Employee retention and labour shortage issues due to the intensive nature of the environmental services industry and limited local labour force in Singapore.
- The highly competitive nature of the environmental services industry in Singapore.
- Changes in the regulatory requirements in Singapore and Thailand that may affect their operating costs.

### DIVIDEND POLICY

- They currently intend to adopt a general annual dividend policy of declaring and paying annual dividends at a payment ratio of not less than 30% of their Group's consolidated net profit after tax for the financial year.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To be applied for expansion of their service capacity as well as improvement of quality and efficiency of their services.	36.7	37.6%
To be applied for the broadening of their service offerings in Singapore.	51.3	52.4%
To be set aside for their general working capital.	9.8	10.0%
<b>Total:</b>	<b>97.8</b>	<b>100.0%</b>

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