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## **HYGIEIA GROUP LIMITED**

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

**(Stock Code: 1650)**

### **SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS ENTERING INTO NEW FRAMEWORK SUB-CONTRACTING AGREEMENT AND TERMINATION OF ORIGINAL FRAMEWORK SUB-CONTRACTING AGREEMENT**

Reference is made to the announcement (the “**Announcement**”) of Hygieia Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 11 February 2022. Unless otherwise stated, capitalized terms used in this announcement shall have the same meaning as those used in the Announcement.

The Company would like to provide further information on (i) the basis of determination of annual cap for the transactions contemplated under the New Framework Sub-contracting Agreement and (ii) the internal control measures adopted by the Group to ensure that transactions contemplated under the New Framework Sub-contracting Agreement will be conducted within the New Framework Sub-contracting Agreement and are on normal commercial terms.

## BASIS OF DETERMINATION OF ANNUAL CAP

Main Contracts in respect of six worksite locations have been entered into between Eng Leng and its customers. The service fee and the expiry date of each of the Main Contracts currently in force and the corresponding subcontracting fee payable to 2K are summarized as follows:

Worksite location	Monthly service fee	Expiry Date	Monthly subcontracting fees payable to 2K (% of monthly service fee)
1.	S\$400	N/A	S\$352 (88%)
2.	S\$1,300	N/A	S\$1,144 (88%)
3.	S\$4,600 <sup>Note</sup>	31 December 2022 <sup>Note</sup>	S\$4,048 (88%) <sup>Note</sup>
4.	S\$4,000	31 December 2022	S\$3,520 (88%)
5.	S\$27,000	31 December 2023, with an option to extend for one year by the customer	S\$23,760 (88%)
6.	S\$44,000	31 December 2022, after which the Main Contract will be renewed on a monthly basis unless terminated	S\$38,000 (86.4%)

*Note:* Subject to the signing of the quotation issued to the customer by Eng Leng, the monthly service fee will be reduced to S\$3,000 per month with effect from 1 March 2022, and the expiry date will be extended 28 February 2023. The subcontracting fees payable to 2K, being 88% of the service fee, would be S\$2,640 per month.

Upon the expiry of each of the Main Contracts currently in force, Eng Leng will negotiate with the relevant customer for renewal thereof at similar service fee.

Based on the above, the estimated total amount of subcontracting fees payable to 2K for the three years ending 31 December 2022, 2023 and 2024 are as follows:

	Year ended 31 December		
	2022 (S\$'000)	2023 (S\$'000)	2024 (S\$'000)
Subcontracting fees payable to 2K	\$822 <sup>(Note)</sup>	\$875	\$875

*Note:* Including the transactions carried out under the Original Framework Sub-contracting Agreement prior to the entering into of the New Framework Sub-contracting Agreement.

The Annual Caps have been determined in accordance with the estimated total amount of subcontracting fees payable to 2K for the three years ending 31 December 2022, 2023 and 2024.

The significant increase in the amounts of Annual Caps for the three years ending 31 December 2022, 2023 and 2024, being S\$822,000, S\$875,000 and S\$875,000 respectively, as compared to the annual caps under the Original Framework Sub-contracting Agreement for the two years ended 31 December 2020 and 2021 and the year ending 31 December 2022, being S\$434,000, S\$385,000 and S\$385,000 respectively, was primarily due to the new Main Contract for worksite location 6, in respect of which Eng Leng agreed to pay a monthly subcontracting fee of S\$38,000 to 2K under the New Framework Sub-contracting Agreement.

## **INTERNAL CONTROL MEASURES**

The Group has adopted the following internal control measures to ensure that transactions contemplated under the New Framework Sub-contracting Agreement will be conducted within the New Framework Sub-contracting Agreement and are on normal commercial terms:

1. Monthly report would be prepared by the Group internally in respect of the transactions contemplated under the New Framework Sub-contracting Agreement to confirm that services have been provided by 2K in accordance with the New Framework Sub-contracting Agreement and the correct amount of the agreed monthly subcontracting fees were paid to 2K by Eng Leng;
2. In case of any proposed change to the major terms of the transactions between Eng Leng and 2K, the Company will comply with all the applicable requirements under Listing Rules, including but not limited to publication of an announcement in respect thereof, before such change is effective;
3. When it is expected that the transaction amount between Eng Leng and 2K would exceed the Annual Caps, the Company will comply with all the applicable requirements under Listing Rules for revision of Annual Caps, including but not limited to publication of an announcement in respect thereof, before any transactions exceeding the amount of Annual Caps are carried out;
4. The Company will regularly monitor the Group's transactions with Independent Third Parties in respect of similar subcontracting arrangement comparable to 2K where the subcontractor provides all the resources, including employees, supplies and project management staff, necessary to fulfill the requirements of the subcontract without additional assistance from the Group, and compare such the terms of such transactions with those contemplated under the New Framework Sub-contracting Agreement. If the terms of such subcontracting services available from Independent Third Parties who offer equivalent service quality or above are more favourable than those contemplated under the New Framework Sub-contracting Agreement, Eng Leng will consider using such services from the Independent Third Parties in place of 2K, or renegotiating the subcontracting fees or terms of the New Framework Sub-contracting Agreement with 2K;

5. The independent non-executive Directors will review and confirm in the annual report of the Company whether transactions contemplated under the New Framework Sub-contracting Agreement have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the New Framework Sub-contracting Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
6. The auditor of the Company will report on the transactions contemplated under the New Framework Sub-contracting Agreement every year and confirm that the transactions have been approved by the Board, were in accordance with the New Framework Sub-contracting Agreement and have not exceed the Annual Caps.

By order of the Board  
**Hygieia Group Limited**  
**Toh Eng Kui**  
*Chairman*

Singapore, 17 February 2022

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