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HYGIEIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1650)

QUARTERLY UPDATE ON SUSPENSION OF TRADING

This announcement is made by Hygieia Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A of the Rules (the “**Listing Rules**”) governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements (the “**Announcements**”) of the Company dated 18 and 31 March 2021; 1, 9 and 22 April 2021; 12 May 2021; 30 June 2021; 30 September 2021; 31 December 2021; 31 March 2022; 29 April 2022; 24 May 2022 and 30 June 2022 in relation to, among others, (i) the delay in publication of audited annual results announcement for the year ended 31 December 2020; (ii) the suspension of trading of shares of the Company with effect from 9:00 a.m. on 1 April 2021; (iii) the Resumption Guidance received from the Stock Exchange; (iv) the appointment of independent professional advisor; (v) the key findings of independent investigation; (vi) the engagement of independent internal control review consultant; (vii) the audited annual results for the year ended 31 December 2020; (viii) the audited annual results for the year ended 31 December 2021; and (ix) quarterly updates on suspension of trading. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BUSINESS OPERATIONS

The Group is an established general cleaning service provider in the environmental services industry headquartered in Singapore with operations in both Singapore and Thailand. The Group primarily provides general cleaning works for a variety of public and private venues including medical centres, shopping malls, commercial and industrial buildings, schools, hotels, private condominiums as well as public access areas in town councils in Singapore. In Thailand, the Group provides general cleaning works for private customers at private residences, offices and industrial buildings.

The business operations of the Group are continuing as usual in all material respects. As at the date of this announcement, the Group has 278 ongoing service contracts, excluding one-off contracts, with outstanding contract sums of approximately S\$43.7 million. The Board will continue to assess and monitor the impact of the suspension of trading (if any) on the operations and financial performance of the Company.

PROGRESS ON THE FULFILMENT OF THE RESUMPTION GUIDANCE

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the shareholders and potential investors of the Company that, as at the date of this announcement, the latest development on the progress of the Company's efforts to fulfil the Resumption Guidance are as follows:

Progress of the Investigation

As disclosed in the Company's announcements dated 12 May 2021 and 30 June 2021, the Company has appointed SLA as the independent professional advisor to conduct an Investigation into the Audit Issues.

On 29 April 2022, SLA issued the Investigation Report, the key findings of which have been disclosed in the announcement of the Company dated 29 April 2022.

The 2020 Audit, 2021 Audit and the publication of the 2020 Audited Annual Results and 2021 Audited Annual Results

The annual results of the Group for the years ended 31 December 2020 and 31 December 2021 have been disclosed in the announcements of the Company dated 29 April 2022 and 30 June 2022 respectively.

Independent Internal Control Review

On 19 May 2022, the Company appointed Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") as the independent internal control review consultant to conduct an independent internal control review on the Group.

As of the date of this announcement, Baker Tilly has completed the first stage of the independent internal control review and has certain key findings and made certain recommendations as follows:

Key Findings	Recommendations by Baker Tilly
1. There are inadequacies in the policy manual titled “Authorisation Limit” which concerns delegation of authority for various transactions.	Management should review and update the policy documents.
2. In terms of procurement process: <ol style="list-style-type: none">1. there are inconsistencies between current practices and the policy manual titled “Procurement, Accounts Payable and Payments” which provides guidance on procurement and payment processing;2. there is no documented policy and procedures on evaluation of new vendors;3. there is no documented policy and procedures on evaluation of new vendors; and4. there is inadequate segregation of duties for monitoring of contractual deliverables.	Management should ensure the following: <ol style="list-style-type: none">a) review and enforce the policy documents to ensure consistency in practices;b) establish documented policy and procedures on the new vendor evaluation process;c) establish documented policy and procedures on the contract review and approval process; andd) assign responsibilities to other management team members in jointly handling complex engagements and tracking of contractual deliverables.
3. In terms of investment management process: <ol style="list-style-type: none">1. there are inconsistencies between current practices and the policy manual titled “Investment Management” which provides guidance on investment-related matters; and2. The investment sum of HK\$16.5M was not revalued in accordance with the applicable financial reporting standards	Management should ensure the following: <ol style="list-style-type: none">a) review and enforce the policy documents, to ensure consistency in practices; andb) investments are revalued in accordance with the applicable financial reporting standards.
4. There are inconsistencies between current practices and the policy manuals titled “Connected Transactions” on management of connected transactions and “Conflict of Interest” which provides guidance on conflict of interest management.	Management should review and enforce the policy documents, to ensure consistency in practices.
5. Whilst the policy titled “Notifiable Transactions” required the company secretary to be notified of all potential notifiable transactions, this was not done for the Discretionary Investment Management Agreement entered with Leo Asset Management.	The Company should ensure that a clear process owner is identified to handle compliance-related matters so that all notifiable transactions are disclosed timely.

The Directors discussed and considered the recommendations made by Baker Tilly and decided to implement them in full. The management of the Company is handling this exercise as a matter of priority and it is expected that Baker Tilly will issue its independent internal control review report in mid-July 2022, after a follow-up reviewed is conducted to ensure that all internal control recommendations had been fully implemented.

Investment Committee

On 30 June 2022, the Board has resolved to set up an investment committee (the “**Investment Committee**”) comprising of the following members:

Mr. Toh Eng Kui (*Executive Director and Chairman*)
Mr. Tan Wu Hao (*Independent Non-executive Director*)
Mr. Wong Yuk (*Independent Non-executive Director*)
Mr. Lin Jiayang (*Financial Controller*)
Mr. Tay Yee Gin Eugene (*Deputy Chief Executive Officer*)

Mr. Toh Eng Kui is the chairman of the Investment Committee. The Investment Committee will evaluate investment opportunities before submitting for Board approval.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended until the Company fulfils the Resumption Guidance. The Company will publish further announcement(s) to inform the shareholders of the Company of its progress in complying with the Resumption Guidance as and when appropriate, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

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

Singapore, 30 June 2022

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