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HYGIEIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1650)

INSIDE INFORMATION KEY FINDINGS OF INDEPENDENT INTERNAL CONTROL REVIEW

This announcement is made by Hygieia Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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.

INDEPENDENT INTERNAL CONTROL REVIEW

On 24 May 2022, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the Shares, in addition to the resumption guidance given by the Stock Exchange on 22 April 2021, for the Company to conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules.

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 (the “**Internal Control Review**”) on the Group.

On 8 July 2022, Baker Tilly issued a report of the Internal Control Review (the “**Internal Control Review Report**”). The key findings, corresponding recommendations for rectification and remediation status are summarized as follows:

	Key Findings	Recommendation	Remediation Status
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.	Remediated.
2.	<p>In terms of procurement process:</p> <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; and 4. there is inadequate segregation of duties for monitoring of contractual deliverables. 	<p>Management should ensure the following:</p> <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; and d) assign responsibilities to other management team members in jointly handling complex engagements and tracking of contractual deliverables. 	Remediated.

	Key Findings	Recommendation	Remediation Status
3.	<p>In terms of investment management process:</p> <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; and 2. The investment sum of HK\$16.5M was not revalued in accordance with the applicable financial reporting standards. 	<p>Management should ensure the following:</p> <ol style="list-style-type: none"> a) review and enforce the policy documents, to ensure consistency in practices; and b) investments are revalued in accordance with the applicable financial reporting standards. 	Remediated.
4.	<p>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.</p>	<p>Management should review and enforce the policy documents, to ensure consistency in practices.</p>	Remediated.
5.	<p>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.</p>	<p>The Company should ensure that a clear process owner is identified to handle compliance-related matters so that all notifiable transactions are disclosed timely.</p>	Remediated.

Having considered the Internal Control Review Report and the remedial actions taken by the Group, and, in particular, that Baker Tilly has performed follow-up review on the enhanced internal control processes and is of the view that the above key internal control weaknesses have been remediated, the Audit Committee and the Board are of the view that the remedial and improvement measures implemented by the Company are adequate and sufficient to address the key findings of the Internal Control Review Report, and the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules.

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, 8 July 2022

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