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HYGIEIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1650)

(1) POSSIBLE DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020;

AND

(2) DISCLOSEABLE TRANSACTION IN RELATION TO THE DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

This announcement is made by the Board of Hygieia Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Listing Rules, Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and Chapter 14 of the Listing Rules.

POSSIBLE DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Board announces that, after due and careful consideration, it is of the view that there may be a possible delay in the publication of the Group’s audited annual results announcement for the year ended 31 December 2020, given that the Company is in the process of addressing certain outstanding requests raised by its auditor, PricewaterhouseCoopers, to the Board and the Audit Committee. Such outstanding requests are in connection with the Discretionary Investment Management Agreement entered into between Eng Leng, a subsidiary of the Company, and Leo Asset Management, a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and its related transactions, including management fees prepaid by Eng Leng for a term of three years and the investments made under the management of Leo Asset Management. Further details of the Discretionary Investment Management Agreement are set out in the section headed “Principal Terms of the Discretionary Investment Management Agreement” of this announcement.

As at the date of this announcement, the Company is proactively cooperating with its auditor to complete its audit work as soon as possible. One of the requests raised by its auditor is for the Board to form an independent investigation committee to commission an independent investigation on the abovementioned transactions to be conducted by an independent professional advisor, with the results of the Investigation to be relied upon by its auditor as significant evidence for their audit of the Company's consolidated financial statements for the year ended 31 December 2020, and are likely to have significant impact on the nature, timing and extent of the audit procedures to be undertaken by PricewaterhouseCoopers.

The Board discussed and considered the requests from the Company's auditor and advice from the Company's external legal advisors, and decided that it is appropriate for the Audit Committee, which is comprised of all the independent non-executive directors of the Company, to oversee the conduct of the Investigation. On 18 March 2021, the Audit Committee proposed to appoint an independent professional adviser (the "**Independent Accountant**"), to assist the Audit Committee in conducting the Investigation and investigate the relevant concerns raised by PricewaterhouseCoopers that will also aim to identify any internal control deficiencies. PricewaterhouseCoopers is in the process of assessing the competence, capabilities and objectivity of the Independent Accountant and further information is expected to be provided by the Independent Accountant in this regard. The Audit Committee, the Independent Accountant and PricewaterhouseCoopers are in discussion with regard to the adequacy of the scope and procedures of the Investigation. The Independent Accountant indicated that they will collect, review and analyse the information and documents from the Company relevant to the matters raised by PricewaterhouseCoopers and conduct various interviews with relevant persons involved. At this stage, it is not certain when the Independent Accountant will complete the Investigation but the Company will render all assistance and cooperate with the Independent Accountant in full to report the preliminary findings of the Investigation as soon as possible.

In light of the above, PricewaterhouseCoopers is not in a position to commit to a definite timeline about the completion of their audit and issuance of their audit opinion and as a result, as at the date of this announcement, the Board is not able to determine the expected date of announcement of the Company's audited annual results announcement for the year ended 31 December 2020.

The Board wishes to emphasise that the operation of the Group remains normal. While a Board meeting has already been scheduled to be held on 30 March 2021 to consider and approve the audited consolidated financial statements of the Group for the year ended 31 December 2020 and its publication, the Company will publish further announcement(s) in due course to inform its shareholders of any postponement to the date of such Board meeting.

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

On 6 July 2020, Eng Leng (as the client) entered into the Discretionary Investment Management Agreement with Leo Asset Management (as manager) pursuant to which Eng Leng agreed to appoint Leo Asset Management to provide discretionary investment management services in relation to a sum of HK\$16.5 million, which may be increased from time to time at the instruction of Eng Leng. At the instruction of Leo Asset Management, the said sum of HK\$16.5 million had been paid by Eng Leng to Excellent Success on 9 July 2020 and other than this amount, as at the date of this announcement, no further payment had been made by Eng Leng in relation to the Investment.

Pursuant to the Discretionary Investment Management Agreement, Leo Asset Management agreed to provide its discretionary investment management services within the scope of the Investment Guidelines (as detailed below). The Company understands from Leo Asset Management that part of the Investment was made in a private company that engages in the trading of antique jewellery, such as jade. Given the discretionary nature of Leo Asset Management's investment management services, Leo Asset Management did not obtain consent or agreement from the Company prior to such investment being made.

PRINCIPAL TERMS OF THE DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

Date:	6 July 2020
Parties:	1) Eng Leng, as the client; and 2) Leo Asset Management, as the manager
Investment amount:	HK\$16.5 million, which may be increased from time to time at the instruction of Eng Leng
Scope of Services:	Leo Asset Management agrees to provide the discretionary investment management services according to the investment guidelines and restrictions stipulated in the Investment Guidelines (as may be amended from time to time by Eng Leng by written notice to Leo Asset Management) subject to and in compliance with applicable laws, rules and regulations

Investment Guidelines: Leo Asset Management will invest in a portfolio within the range of the below securities or products:

- 1) Stocks listed on the Stock Exchange;
- 2) Fixed income products traded worldwide;
- 3) Fund on funds;
- 4) Other alternative assets; and
- 5) Cash or cash equivalents

Term: The Agreement shall continue in effect unless terminated by Eng Leng or Leo Asset Management (i) by Eng Leng or Leo Asset Management giving 30 days' prior written notice to the other party to terminate the Discretionary Investment Management Agreement, which shall not exceed the date 90 days following the date of such notice; or (ii) due to the occurrence of an Investment Guidelines Termination Event, in which case the Discretionary Investment Management Agreement shall be terminated on the Investment Guideline Termination Date

Either party ("**Party X**") can also terminate the Discretionary Investment Management Agreement by written notice to the other party ("**Party Y**") upon the occurrence of the following events:

- 1) Party Y becoming insolvent;
- 2) a material breach of obligation under the Discretionary Investment Management Agreement (other than circumstances that constitute an Investment Guidelines Termination Event in the case of a breach by Leo Asset Management) having been committed by Party Y and Party Y fails to make good such breach within one (1) month of receipt of such notice from the other party requiring it to do so;
- 3) Party Y is unable or admits liability to pay its debts as they fall due or shall propose or enter into any composition or arrangement for the benefit of its creditors generally or proceedings shall be commenced in relation to it under any law, regulation or procedure relating to reconstruction or readjustment of debts;

- 4) any action is taken by Party Y or (i) the winding up or dissolution (except for the purpose reconstruction, amalgamation or reorganisation in such manner that the entity resulting therefrom effectively agrees to be bound by and assumes the obligations and liabilities on such party under the Discretionary Investment Management Agreement) or anything analogous to any of the foregoing occurs; or (ii) the appointment of a liquidator, receiver or similar officer of Party Y of the whole or any part of its undertakings, assets, rights or revenues;
- 5) any of the representations, warranties or agreements of Party Y under the Discretionary Investment Management Agreement become materially untrue or are materially breached and Party Y fails to make good such breach within 10 business days of receipt of such notice from Party X requiring it to do so; or
- 6) if Leo Asset Management ceases to be licensed or authorised under the SFO to properly provide discretionary investment management services according to the Investment Guidelines

Fees, Costs and Expenses:

In consideration of the services provided by Leo Asset Management under the Discretionary Investment Management Agreement, Eng Leng agrees to pay to Leo Asset Management an investment management fee at 2.7% of the AUM per year.

Eng Leng will be liable for all ancillary costs arising out of transaction in the Managed Assets incurred by the Leo Asset Management, its delegates or third parties in performing the services under the Discretionary Investment Management Agreement. Leo Asset Management may apply all or part of the assets of the Managed Assets in satisfaction of fees, expenses and other obligations incurred in the course of providing services under the Discretionary Investment Management Agreement. Based on information provided by Leo Asset Management, as at the date of this announcement, a total amount of HK\$1,575,000 has been charged by Leo Asset Management by applying such amount against part of the Managed Assets and which represents management fees and custodian fee.

Cash account:	One or more cash accounts of Eng Leng with respect to the Brokerage Services held with a Securities and Futures Commission licensed brokerage (the “ Broker ”)
Return of the Investment:	Upon termination of the Discretionary Investment Management Agreement, except where such termination is due to the insolvency, breach or default of Leo Asset Management, Leo Asset Management shall direct the Broker to as soon as practicable (i) liquidate the Portfolio in full; and (ii) credit the proceeds (less applicable taxes and transaction costs) of such liquidation to the Cash Account, in each case on or before the liquidation date
Governing law:	Hong Kong

REASONS FOR AND BENEFITS OF THE INVESTMENT

By entering into the Discretionary Investment Management Agreement and entrusting funds in accordance therewith, the Group hopes to increase the rate of return of its cash and cash equivalents which can improve both the investment income and the profits of the Group. The expected annual rate of return is estimated to be from 8% to 12% per annum after deducting the investment management fee at 2.7% of the AUM per year. The expected annual rate of return is the estimation of the Company based on the historical data provided by Leo Asset Management and certain assumptions made by the Company, and do not reflect the actual gain by the investors, nor does it constitute a commitment to any income derived from the Investment. The Discretionary Investment Management Agreement was negotiated by the parties on an arm’s length basis. The Directors (excluding the independent non-executive Directors who reserve their view pending completion of the Investigation) are of the view that the terms of the Discretionary Investment Management Agreement and the Investment are on normal commercial terms, fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES TO THE DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT

Eng Leng and the Group

Eng Leng is a company incorporated in Singapore and is a wholly owned subsidiary of the Company. Eng Leng is principally engaged in the provision of general cleaning services. The Group is principally engaged in general cleaning services in the environmental services industry headquartered in Singapore with operations in both Singapore and Thailand. The Group provides general cleaning works for a variety of public and private venues.

Leo Asset Management

Leo Asset Management is a company incorporated under the laws of Hong Kong and licensed by the Securities and Futures Commission for Type 4 (advising on securities) and Type 9 (asset management) regulated activities. It is principally engaged in asset management and investment advisory services business in Hong Kong. Its affiliated company, Excellent Success, is a company incorporated under the laws of Hong Kong and licensed by the Securities and Futures Commission for Type 1 (dealing securities) regulated activity.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, Leo Asset Management and its ultimate beneficial owner(s) are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES IN RESPECT OF THE INVESTMENT

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Investment are less than 25% but more than 5%, the Investment constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As such, the inadvertent oversight by the Company to timely comply with the notification and announcement requirements in respect of the Discretionary Investment Management Agreement constituted non-compliance with Chapter 14 of the Listing Rules. Such delay in disclosure and other compliance matters under Chapter 14 of the Listing Rules was due to the Company's inadvertent oversight regarding the size of the Discretionary Investment Management Agreement. Nevertheless, the Directors reiterated that they had no intention for such non-compliance and the non-compliance was solely due to the reason as stated above. The Company does not intend to make any further investment under the Discretionary Investment Management Agreement.

The Company and the Board apologise for any inconvenience caused to investors due to the non-compliance issues. Going forward, the Company will closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures, particularly in the areas of, among other things, notifiable transactions, so as to prevent the future occurrence of any similar incidents. Further remediation actions are detailed in the section headed “Remedial Actions” of this announcement.

REMEDIAL ACTIONS

In order to avoid recurrence of the incidents mentioned above and to ensure proper compliance with the Listing Rules in the future, the following remedial measures have been or will be taken by the Group:

- 1) with immediate effect, all transactions with a value over S\$1 million to which any member of the Group is expressed as a party require consultation with the Audit Committee, legal and accounting professionals to ensure compliance with the relevant requirements under the Listing Rules;
- 2) the Company will consult its compliance adviser on any transaction that might be a notifiable transaction on a timely manner and seek their advice to ensure compliance with the relevant requirements under the Listing Rules;
- 3) regular training will be provided to the Directors, senior management and the relevant employees in relation to the requirements under the Listing Rules, particularly those concerning notifiable transactions, to reinforce their understanding of and importance of compliance with the Listing Rules;
- 4) the Company has sought and will seek legal advice from time to time as and when necessary; and
- 5) the Company will continue to review its control procedures and take into account any remedial actions as appropriate in response to the findings of the Investigation, when available, and will make such disclosure in a timely manner to ensure compliance with the relevant requirements under the Listing Rules.

DEFINITIONS

“Audit Committee”	the audit committee of the Company
“AUM”	to the best knowledge and belief of the Company, means assets under management
“Board”	the board of directors of the Company from time to time
“Brokerage Services”	<ol style="list-style-type: none">1) execution, clearance and settlement for securities transactions entered into by Eng Leng; and2) such other services as may be requested by Eng Leng from time to time (acting reasonably) provided they are permitted by the applicable laws and regulations, <p>in each case, in connection with the managed assets pursuant to the terms of the Discretionary Investment Management Agreement</p>
“Director”	the director(s) of the Company
“Discretionary Investment Management Agreement”	the discretionary investment management agreement dated 6 July 2020 entered into between Eng Leng (as client) and Leo Asset Management (as manager)
“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
“Excellent Success”	Excellent Success Investments Limited, a company incorporated under the laws of Hong Kong and, to the best of the Company’s knowledge and belief, an affiliated company of Leo Asset Management
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Accountant”	an independent professional adviser proposed to be appointed by the Audit Committee to carry out the Investigation

“Independent Third Parties”	independent third party(ies) which is/are not connected person(s) of the Company and is/are independent of the Company and its connected persons
“Investigation”	an independent investigation on the transactions related to the Discretionary Investment Management Agreement that will be conducted by an independent professional advisor
“Investment”	the investment by Eng Leng in an amount of HK\$16.5 million, which may be increased from time to time at the instruction of Eng Leng, pursuant to the Discretionary Investment Management Agreement
“Investment Guidelines Termination Event”	<p>an investment guidelines termination event shall occur if, as determined by Eng Leng in good faith:</p> <ol style="list-style-type: none"> 1) Leo Asset Management is in breach of the Investment Guidelines and such breach has not been remedied by the date ten (10) business days following the date of such breach; or 2) Eng Leng has given written notice to Leo Asset Management to declare that an Investment Guidelines Termination Event
“Investment Guideline Termination Date”	the date ten (10) business days following the date of an Investment Guidelines Termination Event that has not been remedied
“Leo Asset Management”	Leo Asset Management Limited, the manager under the Discretionary Investment Management Agreement, and is a company incorporated under the laws of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Managed Assets”	those assets in the Portfolio managed by Leo Asset Management
“Portfolio”	the portfolio of securities that meet the criteria stated in the Investment Guidelines which shall, at the direction of Leo Asset Management, be purchased and held at Eng Leng’s custodian or brokerage account
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Thailand” the Kingdom of Thailand

“0%” per cent

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

Singapore, 18 March 2021

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.