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## **HYGIEIA GROUP LIMITED**

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

**(Stock Code: 1650)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE  
(1) POSSIBLE DELAY IN PUBLICATION OF  
AUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020;  
(2) DISCLOSEABLE TRANSACTION IN RELATION TO THE  
DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT;  
AND  
(3) SUSPENSION OF TRADING**

Reference is made to the (i) announcement of Hygieia Group Limited (the “**Company**”, regarding the (a) possible delay in publication of the audited results announcement for the year ended 31 December 2020; and (b) the discloseable transaction in relation to the Discretionary Investment Management Agreement 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 dated 18 March 2021 (the “**Announcement**”); and (ii) the announcements of the Company dated 31 March 2021 (the “**Further Announcements**”). Unless otherwise stated, terms defined in the Announcement and the Further Announcements shall have the same meanings when used herein.

## **DISCLOSEABLE TRANSACTION IN RELATION TO THE DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT**

The Company would like to provide further background information on the Discretionary Investment Management Agreement as follows:

### **Events that led to the entering into of the Discretionary Investment Management Agreement**

As disclosed in the first prospectus of the Company dated 31 December 2019, the Company initially proposed to list its shares on the Stock Exchange on 15 January 2020. As part of that listing plan, the Company met with representatives of various underwriters in Hong Kong between 9 to 12 December 2019. Roma Group Limited, which is listed on GEM of the Stock Exchange under stock code 8072 (“**Roma**”), was one of them, who the Company met to gain information on their experience and service in their capacity as an underwriter for the Company’s proposed share offer. At such meeting, Roma also presented their services in respect of managed discretionary accounts to the Company. The Company listened to such presentation without any follow up thereafter.

As disclosed in the Company’s announcement dated 14 January 2020, at the time, the Company decided not to proceed with its share offer for the time being. Thereafter, the Company refocused on the listing process with a new listing timetable and ultimately completed its listing on the Stock Exchange on 3 July 2020 (the “**Listing**”). In the month of June 2020, Leo Asset Management initiated contact with Mr. Hong Rui Sheng, the Company’s executive Director, and had telephone calls with him in the month before the Listing to solicit the Company’s interest in their asset management services. On 6 July 2020, the Discretionary Investment Management Agreement was entered into between Eng Leng and Leo Asset Management. Excellent Success is the licensed broker with whom Eng Leng opened a brokerage account and holds assets managed by Leo Asset Management in accordance with the terms of the Discretionary Investment Management Agreement. As disclosed in the Announcement, 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. Based on the annual report of Roma for the year ended 31 March 2020 and the searches obtained from the Companies Registry in Hong Kong, Leo Asset Management is a wholly owned subsidiary of Roma.

### **Investment Guidelines**

As stated in the Announcement, Leo Asset Management did not obtain consent or agreement from the Company prior to making an investment in a private company that engages in the trading of antique jewellery. The Company was not informed of such investment prior to it being made under the discretion of Leo Asset Management, as the Discretionary Investment Management Agreement contains Investment Guidelines

within which Leo Asset Management will make discretionary investments in a portfolio of securities or products. The Company is of the view that such investment should have been covered under the Investment Guidelines.

While investments made under the Discretionary Investment Management Agreement are at the discretion of Leo Asset Management, the Company considered that the Investment Guidelines acted as a safeguard in limiting the range of investments that could constitute part of the Portfolio. The Company is in discussion with Leo Asset Management to ensure their regular reporting of the Investment, pending completion of the Investigation. Furthermore, as disclosed in the Announcement and 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.

The Company would like to clarify that all of the above remedial measures will cover any further investments to be made by the Group with Leo Asset Management or any other investment managers. Since the entering of the Discretionary Investment Management Agreement and up to the date of this reply letter, the Company has no such intention to make any further investments with Leo Asset Management or any other investment managers. The Company will also diligently review and take necessary actions to address the internal control findings and recommendations arising from the Investigation once the Investigation Report is available.

## **Reasons for and benefits of the Investment**

Further to the reasons for and benefits of the Investment that were disclosed in the Announcement, the Company would like to provide additional reasons and the commercial rationale for entering into the Discretionary Investment Management Agreement.

Prior to entering into the Discretionary Investment Management Agreement and in considering alternative forms of investments, the Company had considered the possibility of investing in equities 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 Company ultimately decided not to proceed in investing in equities as they do not have significant experience in doing so and believed that investing in equities may carry significant risks, including but not limited to the possibility of sudden or prolonged market declines and risks associated with individual listed companies. Therefore, the Company instead decided to engage an experienced and professional asset manager to assist in making investments and that any such investments should not involve a material amount that might otherwise require more attention of the Company's management team.

By entering into the Discretionary Investment Management Agreement that (i) involves entrusting funds not of a material amount in the context of the Company's expected market capitalisation at the time of the Listing; (ii) sets out the scope of services which are limited by the Investment Guidelines thereunder that meet the Company's financial objectives; (iii) contains provisions which allow for termination by Eng Leng upon 30 days' prior written notice; and (iv) engages a professional asset manager providing investment advisory services in Hong Kong and is duly licensed by the Securities and Futures Commission for Type 4 (advising on securities) and Type 9 (asset management) regulated activities and subject to its oversight, the Board believed that (i) it would not divert attention of the Company's management team away from the focus of the Group's main business and in particular, during the early stage of the Group as a public company; (ii) it would not put pressure on the Group to recruit new members to join the Company's management team with significant experience in investing in equities; and (iii) the Company would not need to spend valuable management time to consider different asset managers.

On balance, the Board is of the view that it was in the best interest of the Company and its shareholders as a whole to enter into the Discretionary Investment Management Agreement and not involve or engage in any other alternative form of investments and/or investment managers for the critical reasons that as significant time and devotion would be required by the Company to attend to the Listing and all its ancillary matters after the Listing, and the need to focus on further developing the Group's main business after the Listing, the Company did not wish to divert the attention of its management team away from these significant matters.

## **Further Information of the parties to the Discretionary Investment Agreement**

The Company confirms that there are no relationships, agreements, arrangements or understandings (whether formal or informal, express or implied) between Leo Asset Management and its ultimate beneficial owners on one hand, and the Company, its connected persons and their respective associates on the other.

## **Clarifications in relation to the Announcement**

The Company confirms that the HK\$16.5 million forming the Investment did not involve any of the proceeds to be raised by the Company from the Listing. The relevant funds were solely derived from the Company's own internal resources prior to the Listing and applied after the Latest Practicable Date (as defined in the prospectus of the Company dated 12 June 2020 (the "**Prospectus**")). The Investment also represented only approximately 3.3% of the Company's expected market capitalisation based on the lower price range of HK\$0.25 per Offer Share (as defined in the Prospectus) following the Listing. Therefore, the Company believed that the details of the Discretionary Investment Management Agreement were not material for the purposes of disclosure in the Prospectus. However, after receiving advice from the Company's compliance adviser, the Company understood that the Investment may constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and thereafter promptly issued the Announcement to disclose the details of the Discretionary Investment Management Agreement.

Furthermore, the Company would like to clarify an inadvertent error in relation to the date (the "**Remittance Date**") that the sum of HK\$16.5 million was paid by Eng Leng to Excellent Success, which was stated as 9 July 2020 in the Announcement. Excellent Success notified the Company on 10 July 2020 that the funds of HK\$16.5 million had been received by them and the Company assumed that the remittance was completed on 9 July 2020. Eng Leng's bank confirmed that it had effected the remittance of HK\$16.5 million from Eng Leng's bank account to Excellent Success's bank account on 6 July 2020 instead, following the Company arranging for Eng Leng to purchase Hong Kong dollar currency in an amount of HK\$16.5 million from its bank in Singapore on 2 July 2020 and Eng Leng instructing its bank to remit HK\$16.5 million to Excellent Success in Hong Kong on 3 July 2020. As at the date of this announcement, no further payment had been made by Eng Leng in relation to the Investment.

In relation to the requests raised by the Company's auditors, other than the management fees prepaid by Eng Leng under the Discretionary Investment Management Agreement, such requests also include (i) the commercial substance and business rationale for entering into the Discretionary Investment Management Agreement, which had been disclosed above and in the Announcement; and (ii) information relating to the investment made by Leo Asset Management, including in the private company that engages in the trading of antique jewellery, which the Company had no direct access to.

## **SUSPENSION OF TRADING**

As disclosed in the Further Announcements, pursuant to Rule 13.50 of the Listing Rules, the Stock Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Listing Rules, and the suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information. Accordingly, 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 pending the publication of the announcement in relation to the 2020 Audited Annual Results by the Company.

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

Singapore, 9 April 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.*