



UG Healthcare Corporation Limited

(Incorporated in Singapore with Unique Entity No.: 201424579Z)

SGX Stock Code: 41A

website: www.ughealthcarecorporation.com

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PROPOSED PLACEMENT OF UP TO 7,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE PLACEMENT PRICE OF S\$2.545 – ENTRY INTO PLACEMENT AGREEMENT

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Directors**”) of UG Healthcare Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 18 August 2020 entered into a placement agreement with CGS-CIMB Securities (Singapore) Pte. Ltd. and SAC Capital Private Limited (the “**Joint Placement Agents**”) (the “**Placement Agreement**”).
- 1.2 Pursuant to the Placement Agreement, the Company has agreed to offer, by way of placement, and the Joint Placement Agents have severally agreed (and neither jointly nor on a joint and several basis) to procure subscriptions on a best efforts basis for, an aggregate of up to 7,500,000 fully paid-up ordinary shares in the capital of the Company (the “**Placement Shares**”) at an issue price of S\$2.545 for each Placement Share (the “**Placement Price**”), amounting to an aggregate consideration of up to S\$19,087,500 (the “**Proposed Placement**”).
- 1.3 The Proposed Placement is not underwritten and will be undertaken by way of an exempt offering in Singapore in accordance with Section 274 (institutional investors) and Section 275 (accredited investors and certain other persons) of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus, offer document or offer information statement will be issued by the Company in connection with the Proposed Placement.
- 1.4 In connection with the Proposed Placement and to facilitate delivery of the Placement Shares to the potential subscribers, the Company has on 18 August 2020 entered into a share lending agreement (the “**Share Lending Agreement**”) with Zen UG Pte. Ltd. (the “**Lender**”), a controlling shareholder of the Company. Pursuant to the terms of the Share Lending Agreement, the Company has agreed to borrow, and the Lender has agreed to lend to the Company (the “**Loan**”) an aggregate number of fully paid-up ordinary shares in the capital of the Company (the “**Shares**”) amounting to the Placement Shares (the “**Loan Securities**”) for the sole purpose of delivery of such Loan Securities to the potential subscribers procured by the Joint Placement Agents. The Company will allot and issue to the Lender an amount of new ordinary shares in the capital of the

Company (equivalent to the number of Loan Securities) (the “**New Shares**”) as repayment of the Loan Securities within three (3) business days after the receipt of the approval-in-principle of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the admission to the Catalist Board of the SGX-ST of the New Shares (the “**SGX-ST Approval**”), or such other date as may be agreed between the Lender and the Company. Please see Paragraph 2.3 below for more details.

2. THE PROPOSED PLACEMENT

2.1 Placement Price

The Placement Price represents a discount of approximately 9.90% to the volume weighted average price of S\$2.8247 for trades done on the SGX-ST on 18 August 2020, being the last full market day preceding the date on which the Placement Agreement was signed.

2.2 The Placement Shares

2.2.1 The Placement Shares represent approximately 3.82% of the existing issued and paid-up share capital of the Company comprising 196,092,856 Shares as at the date of this announcement (excluding treasury shares) and will represent approximately 3.68% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) of 203,592,856 Shares.

2.2.2 The Placement Shares will be delivered to the end-places freely transferable, free and clear of any pledge, lien, charge security interest, encumbrance, claim, equitable interest or other third party right whatsoever and shall rank *pari passu* with the existing Shares and carry all rights similar to the existing Shares at the time of the transfer.

2.2.3 The Placement Shares will not be placed to any person who is a director or a substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the SGX-ST Listing Manual Section B: rules of Catalist (the “**Catalist Rules**”), unless such subscription is otherwise agreed to by the SGX-ST.

2.3 Share Lending Arrangement and the New Shares

2.3.1 The New Shares will be allotted and issued pursuant to the general share issue mandate (the “**General Mandate**”) granted by shareholders of the Company (the “**Shareholders**”) to the Directors pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, by way of an ordinary resolution passed at the annual general meeting of the Company on 24 October 2019 (“**2019 AGM**”).

2.3.2 Pursuant to the Share Lending Agreement, the Company shall use its best endeavours to submit an additional listing application for the listing and quotation of the New Shares, and shall procure the SGX-ST Approval as soon as reasonably practicable after the date the Share Lending Agreement. Within three (3) business days of obtaining the SGX-ST Approval, the Company shall allot and issue such number of New Shares equivalent to the Loan Securities to the Lender as repayment of the Loan Securities, on the terms and conditions of the Share Lending Agreement.

- 2.3.3 No fees will be payable by the Company to the Lender (and vice versa) in connection with the loan under the Share Lending Agreement, and no collateral will be provided by the Company to the Lender for the Loan under the Loan Agreement.
- 2.3.4 The Loan may be terminated by the Company at any time upon giving not less than one (1) business days' notice of the termination of the Loan (the "**Termination**") to the Lender. In the event that the Loan is terminated by the Company, the Borrower shall within five (5) business days of the date of Termination deliver the New Shares to the Lender. The Lender shall accept such re-delivery of the New Shares as full and final settlement of the Loan.
- 2.3.5 In the event that the SGX-ST Approval is not obtained by the date falling three (3) months from the completion of the Proposed Placement, the Company shall pay, and the Lender shall accept, the net proceeds from the Proposed Placement to be received by the Company as full and final settlement of the purchase of the Loan Securities by the purchasers of the Loan Securities, and the Lender shall thereafter have no claims whatsoever against the Company, the Joint Placement Agents nor the end-placees in relation to or arising out of the Proposed Placement.

3. SALIENT TERMS OF THE PLACEMENT AGREEMENT

3.1 Placement Commission

In consideration of the agreement of the Joint Placement Agents procuring end-placees on a best efforts basis for the Placement Shares, the Company shall pay to each of the Joint Placement Agents, a placement commission equal to 3% of the Placement Price multiplied by the aggregate number of Placement Shares for which such Joint Placement Agent has sold or procured the subscription for. The Joint Placement Agents have confirmed severally (and not jointly and severally) that the commission payable by the Company to the Joint Placement Agents in respect of the Placement Shares will not be shared with any of the end-placees of the Proposed Placement.

3.2 Placement Completion

Subject to the terms and conditions of the Placement Agreement, completion of the Proposed Placement ("**Completion**") shall take place at 5.00 p.m. (the "**Completion Time**") on the date falling three (3) market days from the date of the Placement Agreement (the "**Placement Completion Date**") or such other date and time as the parties to the Placement Agreement may mutually agree. Against delivery of the Placement Shares, the Joint Placement Agents shall make payment to, or procure that payment is made to, the Company of the net proceeds in respect of the Placement Shares, by the Completion Time on the Placement Completion Date.

3.3 Conditions Precedent

Completion of the Proposed Placement pursuant to the Placement Agreement is conditional upon, *inter alia*, the following conditions:

- 3.3.1 all representations and warranties and other statements of the Company herein being, at and as of the Placement Completion Date with references to the then existing circumstances, true and correct in all respects and the Company having performed all of

its undertakings or obligations hereunder to be performed on or before the Placement Completion Date;

- 3.3.2 the Share Lending Agreement being duly executed by the parties thereto on the date of the Placement Agreement, being in full force and effect and not having been breached and the Loan not having been terminated;
- 3.3.3 the transactions contemplated by the Placement Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the Monetary Authority of Singapore and the SGX-ST)) in Singapore or any other jurisdiction which is applicable to the Company or the Joint Placement Agents;
- 3.3.4 subsequent to the execution and delivery of the Placement Agreement, there shall not have occurred any circumstance, event or situation which is or are likely to have a Material Adverse Effect or, in the reasonable judgment of the Joint Placement Agents, is likely to be materially adverse in the context of the Proposed Placement or makes or is reasonably likely to make it impracticable or inadvisable or inexpedient to proceed therewith or, in the opinion of the Joint Placement Agents, is reasonably likely to prejudice materially the success of the Proposed Placement or dealings in the Placement Shares in the secondary market; and
- 3.3.5 the Company providing the Joint Placement Agents with a certified true copy of the resolution approving its entry into the Placement Agreement and the Share Lending Agreement.

For the purposes of this Paragraph 3.3, “**Material Adverse Effect**” shall mean any material adverse effect on (a) the financial condition, prospects, earnings, business, properties, assets or results of operations of the Group taken as a whole whether or not arising from transactions in the ordinary course of business; or (b) the ability of the Company to perform in any material respect its obligations under the Placement Agreement.

- 3.4 The Joint Placement Agents may, and upon such terms as it thinks fit, waive compliance with any of the conditions contained in the Placement Agreement, provided that any such waiver as aforesaid shall be without prejudice to its right to elect to treat any further or other breach, failure or event as releasing and discharging it from its obligations under the Placement Agreement.
- 3.5 If any of the conditions contained in the Placement Agreement has not been satisfied on or before the time of Completion, the Placement Agreement may be terminated by the Joint Placement Agents by notice to the Company at any time at or prior to the time of Completion, and such termination shall be without liability of any party of the Placement Agreement to any other party except for costs and expenses due to the Joint Placement Agents incurred by or on behalf of the Joint Placement Agents in connection with the Proposed Placement and/or any antecedent breaches of the Placement Agreement.

4. RATIONALE OF THE PROPOSED PLACEMENT AND USE OF PROCEEDS

4.1 Rationale

The Company has decided to undertake the Proposed Placement to strengthen the Group's financial position and flexibility to capitalise on growth opportunities. The Proposed Placement will result in an injection of funds into the Company (a) to fund capital expenditures for the growth of the Group's business, including the construction of factory buildings and glove production lines, and (b) for general working capital purposes, including meeting general overheads and other operating expenses of the Group.

4.2 Use of Proceeds

4.2.1 The estimated net proceeds from the Proposed Placement, after deducting estimated fees and expenses (including listing and application fees, the commission payable to the Joint Placement Agents, professional fees and other miscellaneous expenses of approximately S\$699,000), is approximately S\$18,388,500 (the "**Net Proceeds**"). The Company intends to apply such Net Proceeds in the following estimated proportions:

Proposed use of Net Proceeds	% of Net Proceeds from the Proposed Placement
(a) Capital expenditure for the growth of the Group's business (including the construction of factory buildings and glove production lines)	85% - 90%
(b) General working capital purposes (including meeting general overheads and other operating expenses of the Group)	10% - 15%
Total	100%

4.2.2 Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company may, in its absolute discretion, deem fit from time to time.

4.2.3 The Company will make periodic announcement(s) as to the use of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and status report. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

4.2.4 In accordance with Rule 810(1)(c) of the Catalist Rules, the Directors are of the opinion that:

- (a) taking into consideration the present bank facilities available to the Group, the Group's internal resources and operating cash flows, the working capital available to the

Group is sufficient to meet its present requirements, and the Proposed Placement is being undertaken for the aforesaid reasons and the intended use of proceeds; and

- (b) after taking into consideration the present bank facilities available to the Group and the Net Proceeds arising from the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

5. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

5.1 The *pro forma* financial effects of the Proposed Placement on the Group are set forth below and have been computed based on the latest unaudited consolidated financial statements of the Group for the financial year ended 30 June 2020 (“FY2020”). The financial effects of the Proposed Placement are based on the following assumptions:

5.1.1 the Placement Shares are fully subscribed for;

5.1.2 the estimated fees and expenses (including the commission payable to the Joint Placement Agents) incurred by the Company in connection with the Proposed Placement is approximately S\$699,000;

5.1.3 the financial effect on the net asset value (“NAV”) per Share is computed based on the assumption that the Proposed Placement was completed on 30 June 2020; and

5.1.4 the financial effect on the earnings per Share (“EPS”) is computed based on the assumption that the Proposed Placement was completed on 1 July 2019.

5.2 The *pro forma* financial effects of the Proposed Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual financial position of the Group after Completion.

5.3 Share Capital

The Placement Shares represent approximately 3.82% of the existing issued and paid-up share capital of the Company of S\$37,869,788.59 comprising 196,092,856 Shares as at the date of this announcement (excluding treasury shares). On the assumption that all the Placement Shares are fully subscribed for, assuming that no further Shares are issued prior thereto, and SGX-ST Approval is obtained, the Proposed Placement Shares will represent approximately 3.68% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) of 203,592,856 Shares.

5.4 NAV

	Before Proposed Placement	After the Proposed Placement
NAV attributable to the shareholders of the Company (S\$'000)	54,272	72,661
Number of Shares (excluding treasury shares)	196,092,856	203,592,856

NAV per Share attributable to the shareholders of the Company (Singapore cents)	27.68	35.69
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5.5 Earnings per Share

	Before Proposed Placement	After Proposed Placement
Net earnings after tax attributable to the shareholders of the Company (S\$'000)	13,402	12,703
Weighted average number of Shares	196,092,856	203,592,856
Earnings per Share (Singapore cents)	6.83	6.24

6. MANDATE FOR THE ISSUANCE OF THE NEW SHARES

- 6.1 The New Shares will be allotted and issued pursuant to the General Mandate. The General Mandate grants authority to the Directors to, *inter alia*, allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2019 AGM, of which the aggregate number of shares to be issued other than on a pro rata basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2019 AGM.
- 6.2 As at the date of the 2019 AGM, the issued and paid-up share capital of the Company was 193,297,531 Shares. As 2,795,325 Shares were issued under the General Mandate pursuant to the UG Healthcare Scrip Dividend Scheme on 13 December 2019, the maximum number of Shares to be issued other than on a pro rata basis is 93,853,441 Shares. Accordingly, the New Shares of 7,500,000 is within the limit of the General Mandate.
- 6.3 The Company (through its Sponsor) will be making an application to the SGX-ST for the listing and quotation of the New Shares on the Catalist of the SGX-ST. The Company will make the necessary announcements in due course upon obtaining the listing and quotation notice from the SGX-ST.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the New Shares (equivalent to the number of Loan Securities) which will be allotted and issued to the Lender as repayment of the Loan Securities, as set out in Paragraph 2.3 above:

- 7.1 the Placement Shares will not be subscribed by nor delivered to any person who is a Director or a substantial Shareholder or any person who falls within the categories set out in Rule 812(1) of the Catalist Rules;
- 7.2 none of the end-placees and their directors and substantial Shareholders (if applicable) have connections (including any business relationship) with the Company, its directors, and its substantial Shareholders;

- 7.3 the Joint Placement Agents have confirmed severally (and not jointly and severally) that each of the end-placees to the Proposed Placement have represented to them that:
- 7.3.1 the placement of Shares to such end-placee will not result in the transfer of a controlling interest as defined in Rule 803 of the Catalist Rules; and
 - 7.3.2 such end-placee is not acting in concert (as defined under the Singapore Code on Take-overs and Mergers) with any other party in their acquisition of the Shares; and
- 7.4 none of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Placement, (other than arising from their directorships and/or shareholdings, as the case may be, in the Company, if any).

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement. The Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Placement Agreement and the Share Lending Agreement will be available for inspection during normal business hours at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 for a period of three (3) months commencing from the date of this announcement.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact Angeline Chiang at +65 6723 1721 prior to making any visits to arrange for a suitable time slot for the inspection.

10. FURTHER ANNOUNCEMENTS

The Company will continue to keep Shareholders updated and release announcements relating to the Proposed Placement (including any material developments and progress made) as may be appropriate from time to time.

11. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above, and accordingly, should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board
UG Healthcare Corporation Limited

Lee Keck Keong
Executive Director and CEO
18 August 2020

IMPORTANT NOTICE

This announcement is for information only and does not constitute or form part of any offer to purchase, a solicitation of an offer to purchase, an offer to sell or an invitation or solicitation of an offer to sell, issue or subscribe for, securities in or into the United States or to U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")). No securities mentioned herein have been, or will be, registered under the U.S. Securities Act, or any state securities laws or other jurisdiction of the United States and no such securities may be offered or sold in or into the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and any applicable state or local securities laws of the United States. The securities referred to in this announcement will be offered and sold only outside the United States to non-U.S. persons in accordance with Regulation S under the U.S. Securities Act. The Company does not intend to register any portion of the offering in the United States of America or to conduct a public offering of securities in the United States of America or to, or for the account or benefit of, U.S. persons.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Placement Shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and "Excluded Investment Products" (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

*This announcement has reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Tay Sim Yee (Telephone no.: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.