



UG Healthcare Corporation Limited

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

SGX Stock Code: 8K7

website: www.ughealthcarecorporation.com

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2021

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "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 Charmian Lim (Telephone no.: (65) 6232 3210) at 1, Robinson Road, #21-00 AIA Tower, Singapore 048542.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Six months ended			Full year ended		
		30-June-21	30-June-20	Increase/ (Decrease) %	30-June-21	30-June-20	Increase/ (Decrease) %
		2H FY21 S\$'000	2H FY20 S\$'000		FY21 S\$'000	FY20 S\$'000	
Revenue	4	178,984	91,031	96.6	338,401	144,209	>100.0
Cost of sales		(82,052)	(58,275)	40.8	(142,241)	(101,690)	39.9
Gross profit		96,932	32,756	>100.0	196,160	42,519	>100.0
Other income		1,104	226	>100.0	1,271	358	>100.0
		98,036	32,982	>100.0	197,431	42,877	>100.0
Marketing and distribution expenses		(3,698)	(2,435)	51.9	(7,308)	(4,003)	82.6
Administrative expenses		(19,590)	(7,340)	>100.0	(33,066)	(13,715)	>100.0
Other expenses		1,054	(5,920)	N.M.	(629)	(6,273)	(90.0)
Finance costs		(227)	(977)	(76.8)	(604)	(1,985)	(69.6)
Share of profits from equity-accounted for associates		1,779	901	97.4	3,579	1,156	>100.0
Profit before income tax	6	77,354	17,211	>100.0	159,403	18,057	>100.0
Income tax expense	7	(18,538)	(2,431)	>100.0	(39,459)	(2,971)	>100.0
Profit for the period/year		58,816	14,780	>100.0	119,944	15,086	>100.0
Other comprehensive income/(loss):							
Exchange differences on translating foreign operations		1,099	(3,421)	N.M.	2,960	(4,084)	N.M.
Total comprehensive income for the period/year		59,915	11,359	>100.0	122,904	11,002	>100.0
Profit/(loss) attributable to:							
Owners of the Company		63,826	12,556	>100.0	118,765	13,402	>100.0
Non-controlling interests		(5,010)	2,224	N.M.	1,179	1,684	(30.0)
		58,816	14,780	>100.0	119,944	15,086	>100.0
Total comprehensive income/(loss) attributable to:							
Owners of the Company		64,264	9,751	>100.0	120,831	9,987	>100.0
Non-controlling interests		(4,349)	1,608	N.M.	2,073	1,015	>100.0
		59,915	11,359	>100.0	122,904	11,002	>100.0
Earnings per share attributable to owners of the Company (cents)	9						
Basic		10.37	2.13		19.42	2.28	
Diluted		10.37	2.12		19.42	2.26	

N.M. – not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30-Jun-21 S\$'000	30-Jun-20 S\$'000	30-Jun-21 S\$'000	30-Jun-20 S\$'000
ASSETS					
Non-current assets					
Subsidiaries		-	-	54,621	32,621
Associates		7,678	4,932	-	-
Property, plant and equipment	12	49,094	31,516	-	-
Intangible assets	11	263	262	-	-
Deferred tax assets		9,768	318	-	-
Total non-current assets		<u>66,803</u>	<u>37,028</u>	<u>54,621</u>	<u>32,621</u>
Current assets					
Inventories		72,408	33,723	-	-
Amount due from subsidiaries		-	-	51,619	19,236
Trade and other receivables		60,635	32,858	317	34
Derivative financial assets		-	114	-	-
Cash and bank balances		68,441	9,292	11,446	28
Total current assets		<u>201,484</u>	<u>75,987</u>	<u>63,382</u>	<u>19,298</u>
Total assets		<u>268,287</u>	<u>113,015</u>	<u>118,003</u>	<u>51,919</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	14	57,745	37,870	57,745	37,870
Reserves		(38,906)	(40,792)	-	180
Retained earnings		171,797	55,143	53,451	12,039
Equity attributable to the owners of the Company		<u>190,636</u>	<u>52,221</u>	<u>111,196</u>	<u>50,089</u>
Non-controlling interests		4,124	2,051	-	-
Total equity		<u>194,760</u>	<u>54,272</u>	<u>111,196</u>	<u>50,089</u>
Non-current liabilities					
Deferred tax liabilities		4,524	3,142	-	-
Lease liabilities		749	191	-	-
Bank borrowings	13	5,303	4,595	-	-
Total non-current liabilities		<u>10,576</u>	<u>7,928</u>	<u>-</u>	<u>-</u>
Current liabilities					
Bank borrowings	13	9,957	30,520	-	-
Trade and other payables		34,755	18,469	6,605	120
Amount due to subsidiaries		-	-	-	1,710
Lease liabilities		734	345	-	-
Derivative financial liabilities		312	-	-	-
Income tax liabilities		17,193	1,481	202	-
Total current liabilities		<u>62,951</u>	<u>50,815</u>	<u>6,807</u>	<u>1,830</u>
Total liabilities		<u>73,527</u>	<u>58,743</u>	<u>6,807</u>	<u>1,830</u>
Total equity and liabilities		<u>268,287</u>	<u>113,015</u>	<u>118,003</u>	<u>51,919</u>

C. Condensed interim statements of changes in equity

	Attributable to equity holders of the Company							Total equity S\$'000
	Share capital S\$'000	Currency translation reserves S\$'000	Merger reserve S\$'000	Share-based payment reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	
Balance as at 1 July 2020	37,870	(15,032)	(25,940)	180	55,143	52,221	2,051	54,272
Profit for the year	-	-	-	-	118,765	118,765	1,179	119,944
<u>Other comprehensive (loss)/income</u>								
Exchange differences on translating foreign operations	-	2,066	-	-	-	2,066	894	2,960
Total comprehensive (loss)/income for the year	-	2,066	-	-	118,765	120,831	2,073	122,904
Issuance of shares, pursuant to placement agreement	18,437	-	-	-	-	18,437	-	18,437
Issuance of shares, pursuant to exercise of share options	415	-	-	(161)	-	254	-	254
Share options forfeited	-	-	-	(19)	-	(19)	-	(19)
Issuance of shares, pursuant to scrip dividend	1,023	-	-	-	-	1,023	-	1,023
Dividend	-	-	-	-	(2,111)	(2,111)	-	(2,111)
Balance as at 30 June 2021	57,745	(12,966)	(25,940)	-	171,797	190,636	4,124	194,760
Balance as at 1 July 2019	37,473	(11,617)	(25,940)	170	42,242	42,328	1,036	43,364
Profit for the year	-	-	-	-	13,402	13,402	1,684	15,086
<u>Other comprehensive (loss)/income</u>								
Exchange differences on translating foreign operations	-	(3,415)	-	-	-	(3,415)	(669)	(4,084)
Total comprehensive (loss)/income for the year	-	(3,415)	-	-	13,402	9,987	1,015	11,002
Share option	-	-	-	10	-	10	-	10
Issuance of shares, pursuant to scrip dividend	397	-	-	-	-	397	-	397
Dividend	-	-	-	-	(501)	(501)	-	(501)
Balance as at 30 June 2020	37,870	(15,032)	(25,940)	180	55,143	52,221	2,051	54,272

C. Condensed interim statements of changes in equity (continued)

	Company			
	Share Capital S\$'000	Share-based payment reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2020	37,870	180	12,039	50,089
Profit for the year, representing total comprehensive income for the year	-	-	43,523	43,523
Issuance of shares, pursuant to placement agreement	18,437	-	-	18,437
Issuance of shares, pursuant to exercise of share options	415	(161)	-	254
Share option forfeited	-	(19)	-	(19)
Issuance of shares, pursuant to scrip dividend	1,023	-	-	1,023
Dividends	-	-	(2,111)	(2,111)
Balance as at 30 June 2021	57,745	-	53,451	111,196
Balance as at 1 July 2019	37,473	170	12,747	50,390
Loss for the year, representing total comprehensive loss for the year	-	-	(207)	(207)
Share based payment expenses	-	10	-	10
Issuance of shares, pursuant to scrip dividend	397	-	-	397
Dividends	-	-	(501)	(501)
Balance as at 30 June 2020	37,870	180	12,039	50,089

D. Condensed interim consolidated statement of cash flows

Note	Six Months Ended		Full year ended	
	30-June-21 2H FY21 S\$'000	30-June-20 2H FY20 S\$'000	30-June-21 FY21 S\$'000	30-June-20 FY20 S\$'000
Operating activities				
Profit before income tax	77,354	17,211	159,403	18,057
Adjustments for:				
Amortisation of intangible assets	9	10	18	20
Property, plant and equipment written off	224	110	361	284
(Gain)/Loss on disposal of property, plant and equipment	(3)	5	(10)	-
Depreciation expense	1,864	1,435	3,017	2,443
Loss allowance on trade receivables	191	582	196	588
Interest expense	227	977	604	1,985
Interest income	(34)	(66)	(108)	(156)
Share of profits from associates	(1,779)	(901)	(3,579)	(1,156)
Fair value loss on financial derivatives	1,052	567	238	92
Unrealised exchange differences	1,302	(1,499)	3,578	(1,549)
Operating cash flows before movements in working capital	80,407	18,431	163,718	20,608
<i>Movements in working capital</i>				
Inventories	(14,998)	4,831	(38,685)	(2,692)
Trade and other receivables	(8,112)	(9,436)	(27,973)	(9,395)
Trade and other payables	9,299	581	16,286	4,305
Cash generated from operations	66,596	14,407	113,346	12,826
Interest paid	(220)	(954)	(574)	(1,962)
Income taxes (paid)/refund	(31,332)	(734)	(31,814)	125
Net cash generated from operating activities	35,044	12,719	80,958	10,989
Investing activities				
Acquisition of property, plant and equipment	(12,987)	(1,106)	(19,677)	(3,288)
Additional of intangible assets	(17)	-	(17)	-
Dividend received	-	302	682	302
Decreased/(Increase) in fixed deposits pledged to bank	6	(1)	(12)	(17)
Interest received	34	66	108	156
Net cash used in investing activities	(12,964)	(739)	(18,916)	(2,847)
Financing activities				
Drawdown of borrowings	6,881	35,090	10,830	79,142
Repayment of borrowings	(2,970)	(41,277)	(30,685)	(82,366)
Repayment of lease liabilities	(793)	(410)	(634)	(410)
Share placement exercise	-	-	18,437	-
Exercise of share options	-	-	235	-
Dividend paid	(647)	-	(1,088)	(104)
Net cash generated from/(used in) financing activities	2,471	(6,597)	(2,905)	(3,738)
Net increase in cash and cash equivalents	24,551	5,383	59,137	4,404
Cash and cash equivalents at beginning of financial period	43,246	3,277	8,660	4,256
Cash and cash equivalents at end of financial period	67,797	8,660	67,797	8,660
Cash and cash equivalents comprised the following:				
Cash and bank balances	68,441	9,292	68,441	9,292
Less: Fixed deposits pledged to bank	(644)	(632)	(644)	(632)
	67,797	8,660	67,797	8,660

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

UG Healthcare Corporation Limited (the “**Company**”) (Registration Number 201424579Z) is incorporated and is domiciled in Singapore. The address of the Company’s registered office is 38 Beach Road, #29–11 South Beach Tower, 189767 Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months and full year ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding.

The principal activities of the Group are manufacturing and trading of gloves and other medical disposables products such as latex examination gloves, nitrile examination gloves and other ancillary products.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last unaudited announcement for the period ended 31 December 2020. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1. The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group’s accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Reportable segment revenues, profit or loss, assets and liabilities and other material items

	30-June-21 FY21 S\$'000	30-June-20 FY20 S\$'000	Increase/ (Decrease) %
Revenue			
Total revenue for reportable segments	853,494	289,352	>100.0
Elimination of inter-segment revenue	(515,093)	(145,143)	>100.0
	<u>338,401</u>	<u>144,209</u>	<u>>100.0</u>
Profit or Loss			
Total profit reportable segments	155,824	16,901	>100.0
Share of profit of associate	3,579	1,156	>100.0
Profit before income tax	<u>159,403</u>	<u>18,057</u>	<u>>100.0</u>
Assets			
Total assets for reportable segments	260,609	108,083	>100.0
Investments in associate	7,678	4,932	55.7
Total assets	<u>268,287</u>	<u>113,015</u>	<u>>100.0</u>
Liabilities			
Total liabilities for reportable segments	<u>73,527</u>	<u>58,743</u>	<u>25.2</u>
Total liabilities	<u>73,527</u>	<u>58,743</u>	<u>25.2</u>
	30-June-21 FY21 S\$'000	30-June-20 FY20 S\$'000	Increase/ (Decrease) %
Sales reported for first half year	159,417	53,178	>100.0
Operating profit after tax before deducting minority interests for first half year	61,128	306	>100.0
Sales reported for second half year	178,984	91,031	96.6
Operating profit after tax before deducting minority interests for second half year	58,816	14,780	>100.0

The revenue is derived from the sale of goods which is recognised based on point in time.

By product segments

	30-June-21 2H FY21 S\$'000	30-June-20 2H FY20 S\$'000	Increase/ (Decrease) %	30-June-21 FY21 S\$'000	30-June-20 FY20 S\$'000	Increase/ (Decrease) %
Revenue						
Latex examination gloves	78,216	47,653	64.1	147,293	74,697	97.2
Nitrile examination gloves	92,727	37,658	>100.0	176,427	60,168	>100.0
Other ancillary products	8,041	5,720	40.6	14,681	9,344	57.1
Total	178,984	91,031	96.6	338,401	144,209	>100.0
Gross profit						
Latex examination gloves	47,214	17,627	>100.0	92,932	22,861	>100.0
Nitrile examination gloves	48,879	13,452	>100.0	99,922	17,503	>100.0
Other ancillary products	839	1,677	(50.0)	3,306	2,155	53.4
Total	96,932	32,756	>100.0	196,160	42,519	>100.0
Gross profit margin						
	%	%		%	%	
Latex examination gloves	60.4	37.0		63.1	30.6	
Nitrile examination gloves	52.7	35.7		56.6	29.1	
Other ancillary products	10.4	29.3		22.5	23.1	
Overall	54.2	36.0		58.0	29.5	

By geographical locations

	30-June-21 2H FY21 S\$'000	30-June-20 2H FY20 S\$'000	Increase/ (Decrease) %	30-June-21 FY21 S\$'000	30-June-20 FY20 S\$'000	Increase/ (Decrease) %
Revenue						
Europe	93,229	31,084	>100.0	162,745	51,798	>100.0
North America	15,854	10,926	45.1	26,452	19,706	34.2
South America	33,384	33,269	0.3	75,639	47,489	59.3
Africa	10,989	4,486	>100.0	18,207	7,022	>100.0
Asia	23,168	8,835	>100.0	46,473	13,019	>100.0
Others	2,360	2,431	(2.9)	8,885	5,175	71.7
Total	178,984	91,031	96.6	338,401	144,209	>100.0

Locations of non-current assets

	30-June-21 FY21 S\$'000	30-June-20 FY20 S\$'000	Increase/ (Decrease) %
Non-current assets			
Europe	6,964	4,747	46.7
North America	960	648	48.1
South America	4,699	4,557	3.1
Africa	1,353	706	91.6
Asia	52,827	26,370	>100.0
Total	66,803	37,028	80.4

5. Financial assets and financial liabilities

Set out of below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 30 June 2020:

	The Group		The Company	
	30-June-21 S\$'000	30-June-20 S\$'000	30-June-21 S\$'000	30-June-20 S\$'000
Financial assets				
Trade and other receivables (excluding prepayment)	56,842	31,349	246	20
Cash and cash equivalents	68,441	9,292	11,446	28
Amounts due from subsidiaries	-	-	51,619	19,236
Financial assets measured at amortised cost	125,283	40,641	63,311	19,284
Financial liabilities				
Trade and other payables	34,755	18,469	6,605	120
Bank borrowings	15,260	35,115	-	-
Lease liabilities	1,483	536	-	-
Amounts due to subsidiaries	-	-	-	1,710
Financial liabilities measured at amortised cost	51,498	54,120	6,605	1,830

6. Profit before taxation

6.1 Significant items

	30-June-21		30-June-20	
	2H FY21 S\$'000	2H FY20 S\$'000	FY21 S\$'000	FY20 S\$'000
Income				
Interest income	34	66	108	156
Gain on disposal of property, plant and equipment	3	-	10	-
Foreign exchange gain	2,264	-	755	-
Expenses				
Interest expenses	227	977	604	1,985
Depreciation	1,864	1,435	3,017	2,443
Property, plant and equipment written off	224	110	361	284
Amortisation of intangible assets	9	10	18	20
Loss allowance on trade receivables	191	582	196	588
Loss on disposal of property, plant and equipment	-	5	-	-
Foreign exchange loss	-	5,179	-	5,388
Under-provision of tax in prior years	237	94	237	94

Note

* Foreign exchange gain/loss includes net realised and unrealised foreign exchange gain/loss and fair value gain/loss on financial derivatives that are used mainly for hedging purposes.

6.2 Related party transactions

During the year, in addition to those disclosed elsewhere in these financial statements, the Groups entities entered into the following transactions with related parties:

	30-June-21		30-June-20	
	2H FY21 S\$'000	2H FY20 S\$'000	FY21 S\$'000	FY20 S\$'000
Sales to associates	36,600	8,813	54,828	17,472

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	30-June-21 2H FY21 S\$'000	30-June-20 2H FY20 S\$'000	30-June-21 FY21 S\$'000	30-June-20 FY20 S\$'000
Current income tax				
- Current	17,320	1,924	38,241	2,464
- Under-provision in prior years	237	378	237	378
Deferred income tax				
- Current	849	75	849	75
- Under-provision in prior years	132	54	132	54
Total income tax expenses	<u>18,538</u>	<u>2,431</u>	<u>39,459</u>	<u>2,971</u>

8. Dividends

	FY2021 S\$'000
Ordinary dividend paid:	
Tax exempt final dividend declared for FY20 (paid in December 2020)	1,463
Tax exempt special dividend 1 declared for FY21 (paid in March 2021)	648
Total dividends paid	<u>2,111</u>

Please refer to Notes 5 and 6 in section F. Other information required by Catalyst Rules Appendix 7C for further details.

9. Earnings per share

	30-June-21 2H FY21	30-June-20 2H FY20	30-June-21 FY21	30-June-20 FY20
Earnings (S\$'000)				
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to the Company)	<u>63,826</u>	<u>12,556</u>	<u>118,765</u>	<u>13,402</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of				
- basic share	616,258,752	588,278,568*	611,470,884	588,278,568*
- effect of dilution from share options	-	3,985,140	-	3,985,140
- diluted share	<u>616,258,752</u>	<u>592,263,708</u>	<u>611,470,884</u>	<u>592,263,708</u>
Earnings per share (cents)				
- basic	<u>10.37</u>	<u>2.13</u>	<u>19.42</u>	<u>2.28</u>
- diluted	<u>10.37</u>	<u>2.12</u>	<u>19.42</u>	<u>2.26</u>

* After share split of every 1 existing ordinary share into 3 ordinary shares, where the following adjustments were made:

Basic share: $196,092,856 \times 3 = 588,278,568$

Effect of dilution from share options: $1,328,380 \times 3 = 3,985,140$

Diluted share: $197,421,236 \times 3 = 592,263,708$

10. Net asset value

	The Group		The Company	
	30-June-21	30-June-20	30-June-21	30-June-20
Number of ordinary shares	616,258,752	588,278,568*	616,258,752	588,278,568*
Total net asset value (attributable to owners of the Company) (S\$'000)	190,636	52,221	111,196	50,089
Net asset value per share (cents)	<u>30.93</u>	<u>8.88</u>	<u>18.04</u>	<u>8.51</u>

* After share split of every 1 existing ordinary share into 3 ordinary shares

- $196,092,856 \times 3 = 588,278,568$

11. Intangible assets

	FY21 S\$'000	FY20 S\$'000
Cost:		
Balance at 1 July	325	340
Addition	17	-
Exchange difference	2	(15)
Balance at 30 June	<u>344</u>	<u>325</u>
Accumulated amortisation:		
Balance at 1 July	(63)	(43)
Amortisation	(18)	(20)
Balance at 30 June	<u>(81)</u>	<u>(63)</u>
	FY21 S\$'000	FY20 S\$'000
Business license	184	184
Computer software	42	33
Customer base	37	45
Balance at 30 June	<u>263</u>	<u>262</u>

12. Property, plant and equipment

During the financial year ended 30 June 2021, the Group acquired property, plant and equipment for an amounting of S\$21,048,000 (30 June 2020: S\$3,467,000) of which S\$1,371,000 (30 June 2020: S\$ 179,000) was acquired by means of a lease, and disposed and wrote off assets amounting to S\$361,000 (30 June 2020: S\$284,000).

13. Borrowings

	30-June-2021		30-June-2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	9,957	-	30,520	-
Amount repayable after one year	<u>5,303</u>	-	<u>4,595</u>	-
Total borrowings	<u>15,260</u>	<u>-</u>	<u>35,115</u>	<u>-</u>

Details of collaterals

As at 30 June 2021 and 30 June 2020, the borrowings of the Group were secured by:

- (i) motor vehicles;
- (ii) debentures over certain production lines;
- (iii) charge on certain leasehold land and building of a subsidiary;
- (iv) fixed deposits pledged as collateral
- (v) corporate guarantees; and
- (vi) keyman insurance

14. Share capital

	Group and Company	
	No. of share (‘000)	S\$’000
Issuance and paid-up share capital as at 30 June 2020	196,092,856	37,869,789
Issuance of shares pursuant to the placement agreement on 27 August 2020	7,500,000	18,436,875
Issuance of shares pursuant to the exercise of share options on 28 August 2020	1,400,000	415,240
Share split of every 1 existing ordinary share into 3 ordinary shares on 2 October 2020	409,985,712	-
Issuance of shares pursuant to the UG Healthcare Scrip Dividend Scheme on 21 December 2020	1,280,184	1,022,867
Issuance and paid-up share capital as at 30 June 2021	<u>616,258,752</u>	<u>57,744,771</u>

Other than 1,570,000 share options granted to eligible employees on 28 August 2015 under the Unigloves Employee Share Option Scheme of which 1,400,000 had been exercised on 28 August 2020, the Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2021 and 30 June 2020.

15. Acquisition of asset/ Disposal of associate

(a) UG Engineering Sdn Bhd (Acquisition of asset)

During the financial year, the Company acquire 100% equity interest in UG Engineering Sdn Bhd (“**UGE**”) by subscribing 100 ordinary shares of RM1 per share for a cash consideration of RM100 (equivalent to approximate S\$33) (the “**Acquisition**”). UGE was dormant and has no other operating activity since its incorporation on 8 August 2019. Prior to the completion of the Acquisition, UGE acquired a piece of land located in Seremban, Malaysia from a third party for a cash consideration of RM5,000,000 (equivalent to approximate S\$1,644,765) (the “**Land**”). In this regard, the total amount of cash consideration paid by the Company for both UGE and the Land amounted to RM5,000,100 (approximately S\$1,644,798). The consideration of the Land is determined by “willing buyer and willing seller” basis. The Land is used for the Group’s business expansion. Please refer to the Company’s announcement dated 8 September 2020 for more details.

(b) 友利格（苏州）国际贸易有限公司

On 28 September 2020, Unigloves (Singapore) Pte. Ltd., a subsidiary of the Company, incorporated a wholly-owned subsidiary, 友利格（苏州）国际贸易有限公司, in the People’s Republic of China for an initial registered capital of RMB 5,000,000 (approximately S\$1,000,000). Please refer to the Company’s announcement dated 28 September 2020 for more details.

(c) UGHC Marketing Pte Ltd

On 29 June 2021, the Company announced that it has increased its investment in its wholly-owned subsidiary, UGHC Marketing Pte. Ltd. from S\$4,000,000 to S\$26,000,000 by way of a subscription of 22,000,000 ordinary shares at S\$1.00 each, fully paid, in the capital of UGHC Marketing, for a total consideration of S\$22,000,000. Please refer to the Company’s announcement dated 29 June 2021 for more details.

(d) Unigloves Shanghai Co. Ltd

On 27 May 2021, Group’s wholly-owned subsidiary, Unigloves Shanghai Co. Ltd (formerly known as Shanghai Full-10 International Trading Co. Ltd) disposed its entire 50% equity interest in Beijing You Li Fu Ming Commercial Trading Co., Ltd, an associate company, for nil consideration. Please refer to the Company’s announcement dated 2 June 2021 for more details.

16 Subsequent events

There are no known subsequent events which led to adjustments to this set of interim financial statements.

F. Other information required by Catalyst Rules Appendix 7C

1. Review

The condensed consolidated statement of financial position UG Healthcare Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue for all business segments have increased in FY21 as compared to FY20 due to the increase in the volume of products produced and sold following the commencement of new production lines, as well as increase in glove selling prices resulting from outbreak of COVID-19. Revenue for latex examination gloves, nitrile gloves and other ancillary products have increased by 97.2%, 193.2% and 57.1% respectively in FY21 as compared to FY20 mainly due to the reasons described above.

Overall, the gross profit margin of the Group has increased from 29.5% in FY20 to 58.0% in FY21 due to an increase in gross profit margins for all the Group's products as well as those ancillary products, which were sold together with the Group's latex and nitrile products.

With the continued expansion of its upstream manufacturing capacity and downstream distribution network, sales in key regions have increased significantly including South America, Europe, Africa and China, as it continues to sell and develop its own brand in these key regions.

The Group's revenue increased by approximately S\$194.2 million from S\$144.2 million in the financial year ended 30 June 2020 ("FY20") to S\$338.4 million in the financial year ended 30 June 2021 ("FY21"). The Group's gross profit increased by approximately S\$153.6 million from S\$42.6 million in FY20 to S\$196.2 million in FY21. Gross profit margin increased from 29.5% in FY20 to 58.0% in FY21. The significant increase in both revenue and gross profit mainly due to increase in the volume of gloves produced and sold, as well as increase in the selling price of gloves from the significant increase in demand due to Covid-19 outbreak. Cost of sales increased by S\$40.5 million from S\$101.7 million in FY20 to S\$142.2 million in FY21 in tandem with the increase in revenue.

The Group's other income increased from S\$0.4 million in FY20 to S\$1.3 million in FY21 mainly due to the gain from foreign exchange. Renminbi (functional currency of subsidiaries in China) and Brazilian Real (functional currency of subsidiary in Brazil) have strengthened against US dollar, as well as British Pound (functional currency of subsidiary in UK) against US dollar. Due to the same reason, other expenses decreased from S\$6.3 million in FY20 to S\$0.6 million in FY21 as foreign exchange loss was recorded in other expenses in the prior year.

Operating expenses increased from S\$17.8 million in FY20 to S\$40.4 million in FY21 mainly due to higher marketing & distribution expenses and administrative expenses incurred for the expansion of the distribution networks in Brazil, UK, China and Nigeria, as well as increase in staff cost. Furthermore, the Group has incurred additional costs in implementing strict SOPs for the prevention of COVID-19 infection in the workplace, including but not limited to increased purchase of additional personal protective equipment, constant disinfection of workplaces and costs relating to the regular testing of employees.

Finance costs decreased by S\$1.4 million from S\$2.0 million in FY20 to S\$0.6 million in FY21 due to decrease in utilisation of trade facilities, and a drop in borrowing costs.

Share of profits from associates increased from S\$1.2 million in FY20 to S\$3.6 million in FY21 due to higher profits reported by German and USA associates. After taking into account the tax expenses and minority

interests, the Group's net profit attributable to the shareholders increased from S\$13.4 million in FY20 to S\$118.8 million in FY21.

The Group's net asset value increased from S\$52.2 million as at 30 June 2020 to S\$190.6 million as at 30 June 2021. Similarly, net asset value increased from 8.88 Singapore cents as at 30 June 2020 to 30.93 Singapore cents as at 30 June 2021.

Non-current assets increased by approximately S\$29.8 million from S\$37.0 million as at 30 June 2020 to S\$66.8 million as at 30 June 2021 mainly due to increase in acquisition of property, plant and equipment of S\$17.6 million which mainly pertains to the construction of new factory and new production lines, as well as increase in deferred tax assets of S\$9.5 million.

Current assets increased by approximately S\$125.5 million from S\$76.0 million as at 30 June 2020 to S\$201.5 million as at 30 June 2021, mainly due to:

- Increase in cash and bank balances of S\$59.1 million from S\$9.3 million as at 30 June 2020 to S\$68.4 million as at 30 June 2021 due to higher profit and operating cash flow and fund raising from share placement;
- Increase in inventories of S\$38.7 million from S\$33.7 million as at 30 June 2020 to S\$72.4 million as at 30 June 2021 as the Group increased stock levels at its own overseas distribution companies; and
- Increase in trade and other receivables by S\$27.7 million from S\$32.9 million as at 30 June 2020 to S\$60.6 million as at 30 June 2021 resulting from higher sales to customers.

Non-current liabilities increased from S\$7.9 million as at 30 June 2020 to S\$10.6 million as at 30 June 2021 mainly due to the increase in deferred tax liabilities amounting to S\$1.4 million, non-current borrowings of S\$0.7 million and lease liabilities of S\$0.6 million.

Current liabilities increased by approximately S\$12.2 million from S\$50.8 million as at 30 June 2020 to S\$63.0 million as at 30 June 2021 mainly due to increase in trade and other payables of S\$16.3 million and income tax liabilities of S\$15.7 million arising from increased operation profit in FY21, partially offset by decrease in bank borrowings of S\$20.6 mil due to repayment of trade facilities and term loans.

In FY21, the net cash from operations amounted to S\$81.0 million taking into account of the profit before tax of S\$159.4 million, adjusted for working capital outflows of S\$50.4 million which mainly due to increase in inventory and trade and other receivables, as well as income tax paid of S\$31.8 million. Net cash used in investing activities amounted to S\$18.9 million due to purchases of property, plant and equipment, which was mainly for the construction of new factory and new production lines, offset by cash inflows from dividends received from associates and interest received. Net cash used in financing activities amounted to S\$2.9 million mainly due to repayment of borrowings from trade facilities, partially offset by the fundraising from share placement exercise on 27 August 2020.

Utilisation of net proceeds

The net proceeds of approximately S\$18,388,500 from the placement completed on 21 August 2020 are intended for the following purpose:

Purpose	Amount allocated as stated in placement announcement dated 18 August 2020		Amount utilised	
	(%)	(S\$' million)	(%)	(S\$' million)
a) Capital expenditure for production capacity expansion plans	80 – 95	15.6 – 16.6	55	10.2 ⁽¹⁾
b) General working capital	10 – 15	1.8 – 2.8	10	1.8 ⁽²⁾
Total:	100	18.4	65	12.0

Notes:

(1) Net proceeds used for capital expenditures are mainly for the expansion of production lines to produce an additional 500 million pieces of gloves per annum and the construction of a factory building together with additional production lines for a further 1.2 billion pieces of gloves per annum.

(2) Net proceeds used for general working capital are mainly for administrative expenses incurred.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been previously disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The global gloves demand has remained strong as COVID-19 cases continue to increase with the Delta variant underpinned by the heightened hygiene awareness compared to pre-COVID. However, with an increasing supply of gloves coming into the market, the urgency to stockpile has reduced and this led to the average selling prices of gloves peaked in March 2021 and have started on a downtrend.

The Group expanded its annual production capacity by 500 million pieces of gloves to 3.4 billion pieces of gloves in April 2021. However, the productivity was affected in the first two months of the financial year ending 30 June 2022 (“FY22”) as a result from a temporary shutdown due to COVID cases and the enhanced movement control order (“EMCO”) in Seremban, Negeri Sembilan Malaysia. Since end of July 2021, the upstream manufacturing division has been operating with only 60% of the workforce in attendance. Nevertheless, the Group will be ramping up the productivity progressively to its full capacity with almost all of its employees fully vaccinated (with two doses of vaccines) at end August 2021 and will be allowed to operate at 100% of workforce in attendance under the latest government guidelines.

The Group’s new factory, which will increase production capacity by an additional 1.2 billion pieces of gloves per annum, is currently under construction. The construction had temporarily halted as the Malaysia government rolled out various tight measures since June 2021 in a bid to stop COVID-19 infections. As a result of this, the date of commencement of the new capacity has been delayed to February / March 2022. This additional capacity will bring the Group’s total installed capacity to 4.6 billion pieces of gloves per annum.

5. Dividend

Proposed dividend for FY21

Name of dividend	Special dividend 2
Dividend type	Cash
Dividend per share	S\$0.00100 per ordinary share
Tax rate	Tax exempt
Book closure date	To be announced
Payment date	To be announced

Name of dividend	Final dividend
Dividend type	Cash and/or scrip
Dividend per share	S\$0.00406 per ordinary share
Tax rate	Tax exempt
Book closure date	To be announced
Payment date	To be announced

Dividend declared for FY20

Name of dividend	Final dividend
Dividend type	Cash and/or scrip
Dividend per share	S\$0.00238 per ordinary share
Tax rate	Tax exempt
Book closure date	10 November 2020
Payment date	23 December 2020

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

The Board has declared tax exempt special dividends of 0.105 Singapore cents per share and 0.100 Singapore cents per share as well as tax exempt final dividend of 0.406 Singapore cents per share for FY21 compared to a tax exempt final dividend of 0.238 Singapore cents per share declared in FY20 reflecting the improved performance of the Group during this financial period.

7. Breakdown of total annual dividend

	30-June-2021	30-June-2020
	S\$'000	S\$'000
Ordinary dividend	3,765	1,463

8. Interested person transactions

The Group has not obtained any IPT mandate from the shareholders. There is no IPT entered into during FY21.

9. Confirmation pursuant to Rule 720(1) of the Catalist Listing Rules

The Company has received undertaking from all its Directors and Executive Officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules of the SGX-ST.

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that, to the best of its knowledge as of the date hereof, none of the person occupying a managerial position in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

By order of the Board
UG Healthcare Corporation Limited

LEE KECK KEONG
Executive Director and CEO

27 August 2021