UG HEALTHCARE CORPORATION

UG HEALTHCARE CORPORATION LIMITED

BUILDING THE GROWTH MOMENTUM

ANNUAL REPORT 2017

CONTENTS

CORPORATE PROFILE

UG Healthcare Corporation Limited (优格医疗有限公司) and together with its subsidiaries ("**UG Healthcare**" or the "**Group**"), is an established natural latex and nitrile examination gloves manufacturer with its own extensive distribution network. The Group is also involved in the distribution of ancillary products such as surgical, vinyl and cleanroom gloves, face masks and other medical disposables.

Currently, the Group has two manufacturing facilities located in Seremban, Malaysia. To complement this manufacturing platform, it has established an extensive distribution network globally through its own distribution companies based in the United States of America ("**USA**"), United Kingdom ("**UK**"), Germany, the People's Republic of China ("**PRC**"), and Nigeria, as well as through third party distributors. Through this extensive distribution network, its products are sold to more than 50 countries including Germany, Nigeria, the PRC, USA, UK, France, Italy, Austria, Switzerland, the Netherlands, Japan, South Korea, Canada and Brazil.

Started in 1989, the Group has built its reputation as a reliable manufacturer and distributor of natural latex and nitrile examination gloves under its own brand names including its "*Unigloves*" brand name as well as third party labels where it is engaged as original equipment manufacturer.

The Group's competitive edge lies in its successful integration of its manufacturing and distribution businesses. The integrated platforms allow the Group to have full control over the entire supply chain, including (i) the production process, where it can carry out stringent quality control checks at every stage to ensure consistent product quality and compliance with various stringent international standards, as well as (ii) the distribution of its products to end-users and intermediaries. With its own facilities, the Group is also able to customise products to meet the evolving requirements of customers in a cost effective manner.

UG Healthcare was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 8 December 2014 under stock code 41A.

LETTER TO SHAREHOLDERS

While UG Healthcare is seen strengthening its foundation in production and distribution, it is also effectively building its own proprietary "Unigloves" brand of disposable gloves in various markets.

DEAR SHAREHOLDERS,

The financial year ended 30 June 2017 ("**FY2017**") was a year of subdued global economic growth, marked by geopolitical uncertainties and volatility in raw materials prices and foreign exchange rates. Amid these macro challenges, UG Healthcare has performed satisfactorily in FY2017.

The Group recorded S$2.4 million in net profit attributable to shareholders on the back of a record revenue of S$65.2 million in FY2017. Revenue grew 10.9% to S$65.2 million, mainly due to a higher volume of gloves produced and sold through our global distribution network as well as higher average selling prices. While the Group grappled with keen competition in the gloves manufacturing industry, the surge in raw materials costs, currency fluctuations, gas tariff hike, higher depreciation cost for the new production lines, and increase in foreign workers' levy, undermined the overall margins in FY2017. As a result, the Group's net profit attributable to shareholders declined 55.1% to S$2.4 million. The Group's balance sheet remains strong, with total assets standing at S$66.2 million, while shareholders' equity amounted to S$37.1 million as at 30 June 2017.

Despite volatility in the operating environment, the Group achieved record revenue during the year and increased production capacity from 1.9 billion gloves per annum in FY2016 to 2.4 billion gloves per annum at end of FY2017. The new production lines were funded internally and the additional capacity of 500 million gloves per annum that came on stream was taken up by existing customers globally.

BUILDING ON THE GROWTH MOMENTUM

We will continue to drive growth by investing prudently in both our production capacity expansion and distribution infrastructure, which also has long-term potential for the Group and value-add to our customers. This development phase is crucial for the Group as we build on the growth momentum amid the challenges in the operating environment.

After much deliberation to increase our production capacity further, we commenced construction of a new production facility on a plot of land which the Group already owns. This planned increase in production capacity of another 500 million gloves per annum, from 2.4 billion gloves per annum at end FY2017 to 2.9 billion gloves per annum at end FY2018, gives us the

LETTER TO SHAREHOLDERS

flexibility to plan our production mix more effectively, thereby improving the production efficiency rate.

Our continuous efforts in expanding our distribution infrastructure in both developed and developing markets over the last few years have demonstrated commendable results, particularly in the North American, South American, African and China markets. We saw double-digit growth in revenues in these regions over the past year and the results reinforce our strategic and strong collaboration with our long-term partners in the respective markets.

We will continue to develop our distribution companies further to better comprehend the demand and supply of the wide variety of medical and/or healthcare disposable products in addition to disposable gloves, in the respective markets across the world. This will make our distribution companies more competitive as well as add value to our customers.

While the Group is seen strengthening our foundation in production and distribution, we are also effectively building our own proprietary "Unigloves" brand of disposable gloves in various markets. Our unique business model that encompasses manufacturing and distribution platforms, coupled with our own proprietary brand of products, differentiates us from our peers as well as provides us with the flexibility and resilience against adversities.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, we extend our sincere gratitude to our bankers, business associates and partners, customers, and dedicated employees for their commitment and support in the past year.

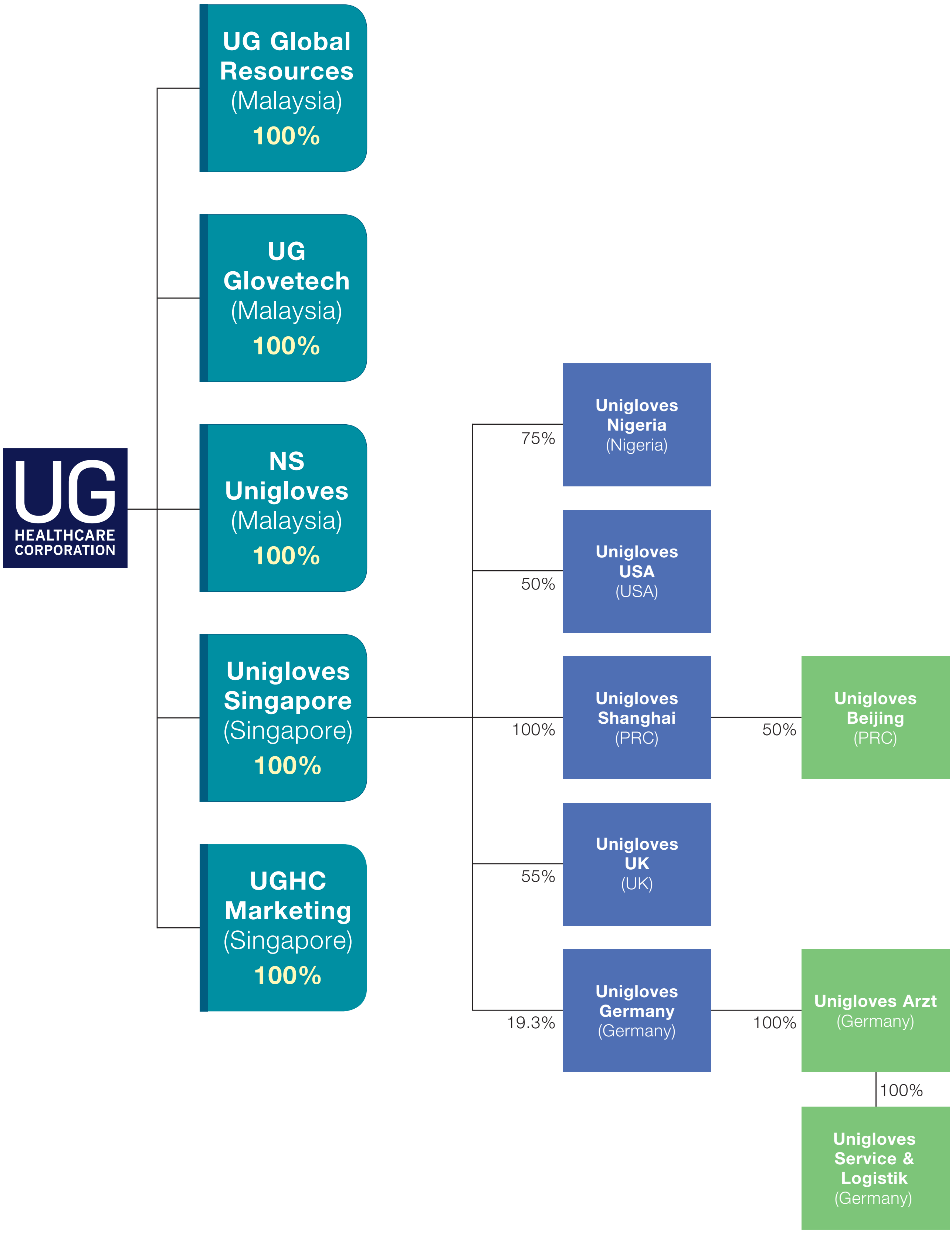
We would also like to convey our appreciation to the Board and on its behalf, thank our former Board member and co-founder, Mr Ang Beng Teck, who has stepped down from the Board after the annual general meeting last year. He has assumed an advisory role in the Group to facilitate a smooth transition.

Last but not least, we extend our warmest gratitude to our shareholders for their confidence and continued support for the Group as we strive to build on the growth momentum to strengthen the Group's fundamentals and enhance value for shareholders.

YIP WAH PUNG
Non-Executive Chairman
and Independent Director

LEE KECK KEONG
Chief Executive Officer
and Executive Director

CORPORATE STRUCTURE



BUSINESS SEGMENTS
MANUFACTURING

UG Healthcare continues to strengthen its unique integrated manufacturing and distribution platforms to keep up with the evolving needs of its wide base of global customers.

UG Healthcare believes that providing quality products and services to satisfy the ever-changing requirements of customers, are of utmost importance. While we expand our production capacity progressively, we also broaden and deepen our market presence through our distribution companies and channels, and respond to the extensive range of requirements and demand from different markets.

We manufacture and distribute natural latex and nitrile examination gloves under several brands including our "Unigloves" brand name as well as third party labels where we are engaged as an original equipment manufacturer. Our extensive product range includes gloves of various colours and scents to appeal to different needs and preferences, and are used across a diverse range of industries. We also distribute ancillary products including surgical, vinyl and cleanroom gloves, face masks and other medical disposables.

Research and Development Capabilities

The Group constantly keeps abreast of developments in technology and process improvements as well as developments in latex compounding formulations to attain desired properties and characteristics for its range of disposable gloves products.

MANUFACTURING **CAPABILITIES**

We place significant emphasis on quality control and production standards during our production processes. Our manufacturing facilities are accredited for quality standards under the ISO 9001:2000, ISO 13485:2003 and ISO 9001:2008 certifications. We have also been certified by Malaysian Rubber Board to produce Standard Malaysian Glove for export.

We achieved the planned production capacity milestone of 2.4 billion gloves per annum at the end of FY2017, increasing our production capacity by 500 million gloves per annum. This increased productivity is already taken up by our existing customers.

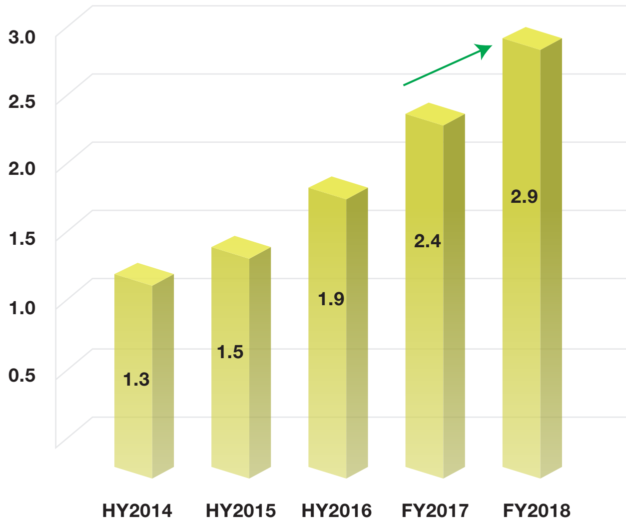
To cater to the increasing demand, the Group has commenced construction of a new production facility on the plot of land (which the Group already owns) beside our existing manufacturing facility. We expect construction to complete by end of December 2017 and commercialisation of the new production lines is expected by March 2018. We aim to increase our production capacity by an additional 500 million per annum to reach 2.9 billion progressively at the end of the financial year ending 30 June 2018 ("**FY2018**"). This new production facility could potentially increase annual production capacity by approximately up to 1 billion gloves per annum in the near future when it gradually achieves full production capacity.

While expanding production capacity progressively, the Group is also upgrading its existing production lines concurrently to improve operational efficiencies and technical enhancements to enable better utilisation of capacity and resources.

UG Healthcare has two manufacturing facilities located in Seremban, Malaysia.

Group achieved 2.4 billion gloves per annum at end FY2017. Construction of new production lines is underway for an additional 500 million gloves to achieve 2.9 billion gloves per annum by end FY2018.

(Billion of gloves)



ECO
FRIENDLY

UG Healthcare is committed to the preservation and protection of the environment and has met all applicable environmental requirements and standards.

We have Industrial Effluent Treatment Plants within our manufacturing facilities to treat the effluent before discharging the wastewater into the environment. Our treatment plants are in compliant with the Department of Environment in Malaysia.

BUSINESS SEGMENTS
DISTRIBUTION NETWORK

To complement our manufacturing platform, we sell our products to more than 50 countries including Germany, Nigeria, the PRC, USA, UK, France, Italy, Austria, Switzerland, Netherlands, Japan, South Korea, Canada and Brazil through our own established distribution network.

We constantly keep abreast of developments in technology and process improvements as well as developments in latex compounding formulations to attain certain desired properties and characteristics for the customisation of our products (own "Unigloves" brand and OEM brands).

FINANCIAL HIGHLIGHTS

For the financial year ended 30 June ("FY")	2017	2016	2015
Income Statement (S$'000)			
Revenue	65,239	58,823	55,740
Gross profit	9,666	12,693	11,549
Profit before tax	2,569	7,469	3,957
Profit attributable to owners of the Company	2,444	5,450	3,164
Balance Sheet (S$'000)			
Shareholders' equity	37,134	38,146	36,940
Total assets	66,241	56,043	51,811
Total liabilities	29,182	17,699	14,708
Per Share[(1)] (Singapore Cents)			
Basic earnings	1.28	2.90	1.68
Net asset value	19.36	20.39	19.73
Net tangible asset value	19.22	20.24	19.56
Dividends	–	0.587	–
Financial Ratios			
Return on equity[(2)]	6.58%	14.29%	8.57%
Return on assets[(3)]	4.00%	10.11%	6.86%
Dividend payout ratio	–	20.25%	–

Notes:

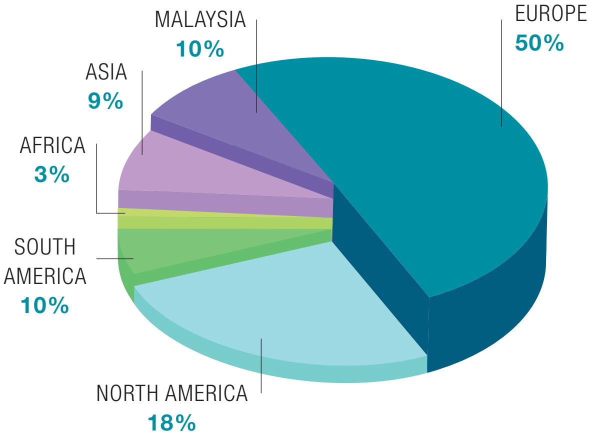
(1) Basic earnings per share, net asset value per share, net tangible asset per share and dividends per share were computed based on the share capital of 191,460,054 ordinary shares for FY2017 and 188,023,530 ordinary shares for FY2015 and FY2016.

(2) Return on equity was computed based on net profit attributable to owners of the Company as a percentage of shareholders' equity.

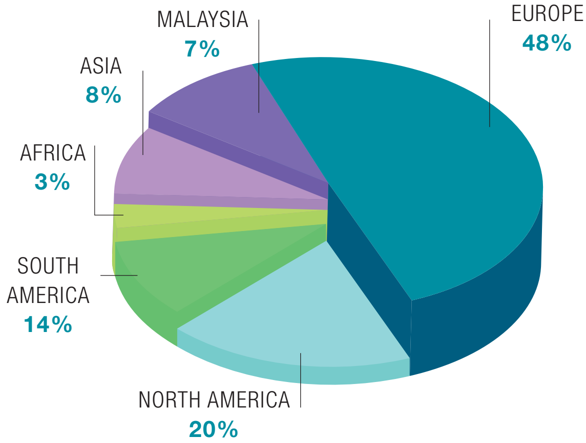
(3) Return on assets was computed based on net profit attributable to owners of the Company as a percentage of average total assets.

REVENUE BY GEOGRAPHICAL LOCATIONS

FY2016 REVENUE: S$58.8 MILLION



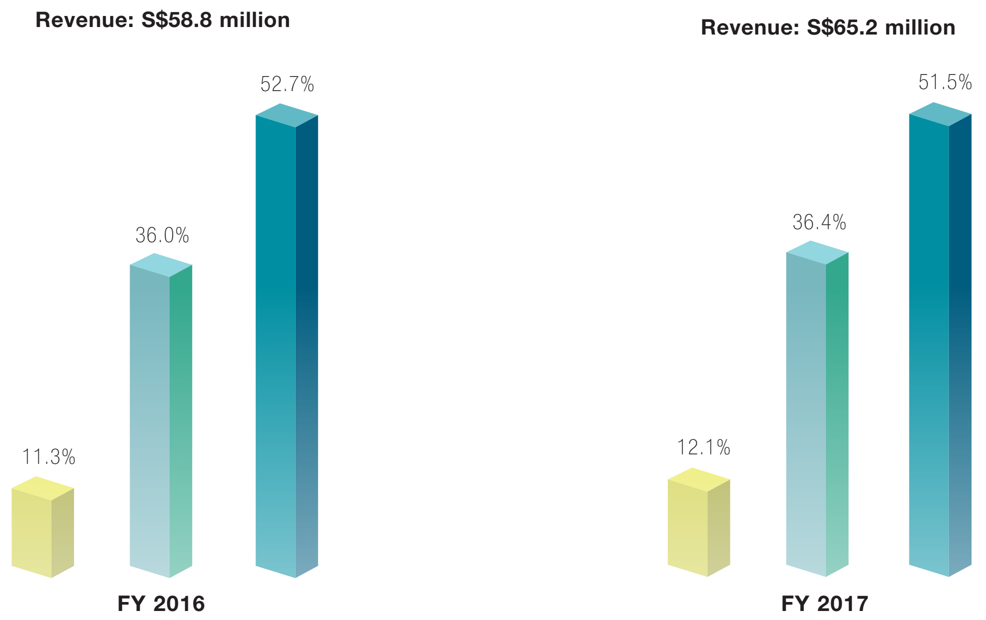
FY2017 REVENUE: S$65.2 MILLION



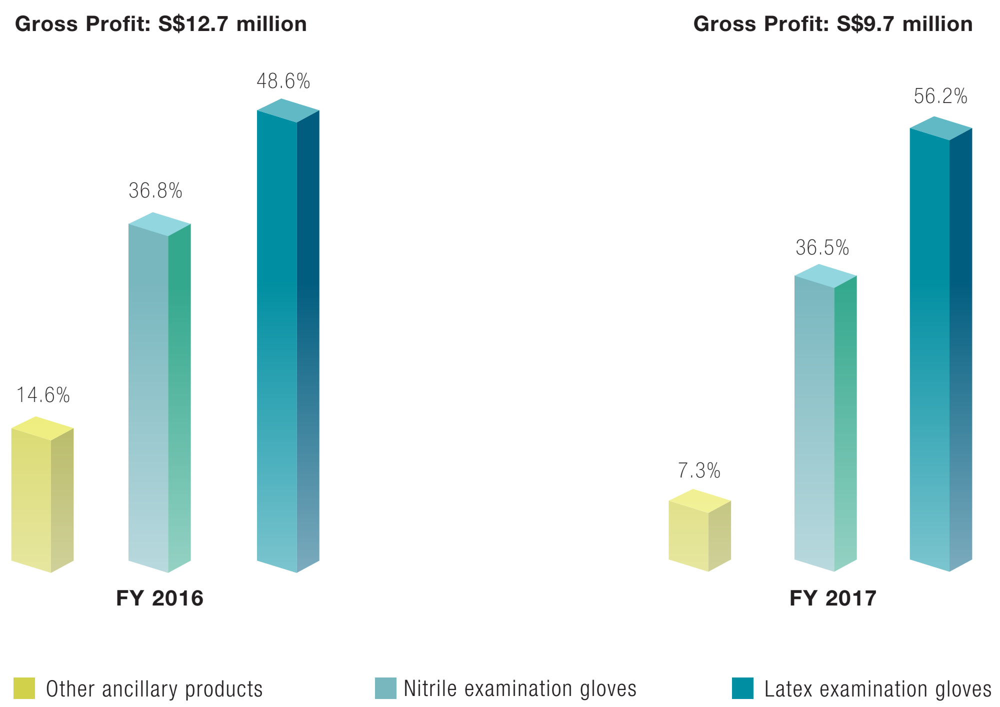
Note: Malaysia includes revenue from intermediaries that export our products to overseas.

FINANCIAL HIGHLIGHTS

REVENUE BY PRODUCT SEGMENT



GROSS PROFIT BY PRODUCT SEGMENTS



PERFORMANCE REVIEW

UG Healthcare achieved record revenue of S$65.2 million for FY2017, notwithstanding the challenging macroeconomic factors. The achievement was driven by an increase in the volume of gloves produced and sold, as it achieved a production capacity of 2.4 billion gloves per annum resulting from full commercial production of new production lines, higher sales through expansion of its distribution networks and further bolstered by slightly higher average selling price.

UG Healthcare continues to focus on expanding both its manufacturing and distribution platforms concurrently. During the year under review, the Group achieved its planned production capacity expansion of 2.4 billion gloves per annum at end of FY2017 to meet the increasing demand of its target markets, particularly the South America, China, Africa and North America markets.

REVENUE BY GEOGRAPHICAL LOCATIONS

FYE 30 June (S$'000)	FY2017	FY2016	*Change YoY*
Europe	31,482	29,182	7.9%
North America	12,928	10,844	19.2%
South America	8,915	5,953	49.8%
Africa	2,216	1,748	26.8%
Asia	5,161	5,321	-3.0%
Malaysia*	4,537	5,775	-21.4%
Total	**65,239**	**58,823**	**10.9%**

** Malaysia includes revenue from intermediaries that export our products to overseas markets.*

PERFORMANCE REVIEW

Revenue increased by 10.9% year-on-year from S$58.8 million for the financial year ended 30 June 2016 ("**FY2016**") to S$65.2 million in FY2017. The revenue increase was in tandem with the increase in production capacity, mainly driven by the increase in the volume sold at slightly higher average selling prices as well as higher sales through its distribution network.

During the year, cost of sales increased by 20.5% year-on-year from S$46.1 million in FY2016 to S$55.6 million in FY2017 due to (i) the significant increase in natural latex and nitrile raw material prices due to a shortage in supply, (ii) the hike in gas tariff in Malaysia, (iii) higher depreciation charge for new production lines that commenced commercial production in the fourth quarter of FY2017, and (iv) higher foreign workers' levy with an increase in employment. As a result, gross profit declined by 23.8% year-on-year from S$12.7 million in FY2016 to S$9.7 million in FY2017, and consequently, gross profit margin decreased from 21.6% in FY2016 to 14.9% in FY2017.

Other income was 23.1% lower from S$2.4 million in FY2016 to S$1.8 million in FY2017. The decline was mainly due to the lower net foreign exchange gain of S$0.8 million and fair value loss on financial derivatives of S$0.1 million incurred in FY2017, which was mitigated by an increase in sundry income of S$0.3 million.

Total operating expenses, which include marketing and distribution expenses as well as administrative expenses increased marginally by 3.6% from S$8.1 million in FY2016 to S$8.4 million in FY2017. For FY2017, marketing and distribution expenses increased 33.8% to S$1.8 million as the Group continued to expand its distribution network in the UK, China and Nigeria, while administrative expenses declined by 2.4% to S$6.6 million due to better cost management.

Finance costs increased from S$0.2 million in FY2016 to S$0.5 million in FY2017, mainly due to interest arising from the utilisation of new trade facilities and non-capitalisation of borrowing costs.

Share of profits from its German and US associates saw a decrease from S$0.7 million in FY2016 to S$0.5 million in FY2017, due to lower profits. The German associates posted lower profits as a result of a €1.5 million dividend in the financial year under review.

The Group recorded a 55.1% decrease in net profit attributable to shareholders from S$5.5 million in FY2016 to S$2.4 million in FY2017.

Financial Position

The Group's balance sheet remains strong for FY2017. Its non-current assets increased by 11.4% to S$25.4 million, mainly due to the acquisition of property, plant and equipment of S$3.6 million, reclassification of hand moulds to property, plant and equipment from inventories of S$1.0 million and recognition of associates' profits of S$0.3 million. This was partially offset by depreciation amounting to S$1.4 million and foreign exchange translation loss of S$1.2 million arising from converting the net book value of property, plant and equipment of

PERFORMANCE REVIEW

the Malaysian subsidiaries into the reporting currency.

Current assets increased by S$7.6 million to S$40.8 million as at 30 June 2017. This was mainly due to (i) the increase in inventories of 15.6% to S$15.7 million as the Group stock up gloves inventories in its overseas warehouses to cater for the demand for its products without compromising on the delivery lead time to the end customers, (ii) the increase in trade and other receivables of 55.9% to S$21.3 million as a result of longer credit terms given to long term customers, and (iii) the recognition of derivative financial assets of S$0.3 million representing forward exchange contracts for hedging purposes. The increase was partially offset by the decrease in cash and bank balances by 40.9% to S$3.5 million as at 30 June 2017.

Shareholders' equity comprises share capital, merger reserve, retained earnings, foreign currency translation reserve and non-controlling interest. Shareholders' equity decreased by 3.4% to S$37.1 million due to (i) the S$1.1 million dividend paid, (ii) the decrease in share of results to non-controlling interests of S$0.3 million, and (iii) the decrease of S$3.2 million in foreign currency translation due to the weak Malaysian ringgit against Singapore dollar. The decrease was partially offset by the S$0.8 million scrip dividend issued and S$2.4 million net profit attributable to shareholders for FY2017.

The Group's non-current liabilities decreased by 25.6% to S$3.2 million as at 30 June 2017. This was due to the reduction of S$1.4 million in long term borrowing.

Current liabilities increased by 94.0% to S$26.0 million as at 30 June 2016 with the increase of S$9.5 million in bank borrowings from increased utilisation of bank facilities and increase of S$3.2 million in trade and other payables due to an increase in raw material costs.

Cash Flow

The Group's net cash used in operations in FY2017 was S$7.1 million. This comprises of positive operating cash flows before changes in working capital of S$1.9 million, adjusted by net working capital outflow of S$7.7 million, interest and taxes paid of S$0.5 million and S$0.8 million, respectively. The net working capital outflow was mainly due to the increase in inventories and trade and other receivables of S$3.1 million and S$7.2 million, respectively. The increase was partially offset by an increase in trade and other payables of S$2.6 million.

Net cash used in investing activities was S$2.7 million in FY2017, due mainly to the purchases of property, plant and equipment amounting to S$3.6 million, which was partially offset by dividend received from the German associate of S$0.3 million, withdrawal of fixed deposits of S$0.6 million and interest received of S$0.03 million.

Net cash from financing activities amounted to S$7.9 million during the financial year. This was mainly due to the net drawdown of trade facilities of S$8.1 million, which was partially offset by the payment of cash dividend of S$0.2 million.

BOARD OF DIRECTORS

MR YIP WAH PUNG

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr Yip Wah Pung is the Non-Executive Chairman of the Company and Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He was appointed to the Board on 20 November 2014 and was re-elected on 19 October 2016.

Mr Yip has over 40 years of experience in the audit and tax industry. He started his career as a tax examiner at the Income Tax Department of Malaysia in February 1977, where he worked for 12 years. From February 1989 to August 1989, he joined W.M Lam & Co, an audit firm, as a senior associate. Subsequently, he joined K.W. Chong & Co as an audit manager from September 1989 to November 1994 before he started his own audit firm, W.P. Yip & Co in 1994, where he is currently a partner. The audit firm is principally engaged in the provision of tax and audit services.

Mr Yip graduated from Tunku Abdul Rahman College with a diploma in Commerce in June 1977. He has been a member of (i) the Malaysian Institute of Accountants since 1980, (ii) the Association of Chartered Certified Accountants since 1980, (iii) the Malaysian Institute of Chartered Secretaries and Administrators since 1980, and (iv) the Chartered Tax Institute of Malaysia since 1995.

MR LEE KECK KEONG

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Lee Keck Keong is the co-Founder and he was re-designated from Non-Executive Director to Executive Director and Chief Executive Officer on 19 October 2016, following the retirement of Mr Ang Beng Teck. He has since stepped down from the Audit and Remuneration Committees, but continue to be a member of the Nominating Committee. He was appointed to the Board on 20 November 2014 and was last re-elected on 19 October 2016.

Mr Lee has been instrumental in successfully leading the Group to become an established player in the gloves manufacturing industry. Following his re-designation, he is responsible for (i) the formulation of the overall business and corporate policies and strategies of the Group; (ii) the overall management of the business and operations of the Group; and (iii) the Group's overall business development. He also serves as a non-executive director to the boards of the Company's subsidiaries and associated companies.

Mr Lee graduated from the University of Surrey in 1977 with a degree in chemical engineering. Upon graduation, he started his career as a chemical engineer in a state-owned company. Thereafter, he entered into various business ventures in diverse industries, including mining, saw milling, property development and timber development.

MR LEE JUN YIH

EXECUTIVE DIRECTOR

Mr Lee Jun Yih is the Executive Director of the Company. He was appointed to the Board on 10 November 2014 and was last re-elected on 20 October 2015.

Mr Lee is primarily responsible for oversight and management of the Group's business and corporate development and works together with the Chief Executive Officer to formulate the overall business and corporate policies and strategies for the Group.

Mr Lee joined the Group in July 2011 as a director of Shanghai Full-10 International Trading Co., Ltd, ("**Unigloves Shanghai**"), focusing on business and corporate development. He was subsequently appointed as a director of Unigloves (UK) Limited) in April 2013, and NS Unigloves and Uni-Medical Healthcare Limited in May 2014 and August 2014, respectively.

Mr Lee graduated from Pembroke College, University of Cambridge with a Bachelor of Arts (Law) in June 2004. He began his career as a solicitor with Freshfields Bruckhaus Deringer, an international law firm, in its Hong Kong, London and Beijing offices in 2005 before joining JP Morgan, London, and UBS AG, Hong Kong as an analyst in the Investment Banking Division in August 2007 and April 2008, respectively. Thereafter, he joined AEGON Asset Management as an associate in January 2010.

Mr Lee was admitted as a Solicitor of the High Court of the Hong Kong Special Administrative Region in September 2007.

BOARD OF DIRECTORS

MR WONG SEE KEONG

EXECUTIVE DIRECTOR

Mr Wong See Keong is the Executive Director of the Company. He was appointed to the Board on 20 November 2014 and was last re-elected on 20 October 2015.

Mr Wong is responsible for oversight and management of the Group's manufacturing and operations department, as well as to spearhead the Group's research and development efforts. Mr Wong has been with the Group for approximately 28 years and played a crucial role in its expansion of manufacturing capacity and development of new products over the years.

Mr Wong started his career with the Group in November 1988 as a technologist and rose through ranks to become the Manufacturing Manager in July 1994 and General Manager of Operations in September 2007.

Mr Wong graduated from Universiti Pertanian Malaysia with a Bachelor of Science (Chemistry and Education) in August 1986.

MR LEE JUN LINN

EXECUTIVE DIRECTOR

Mr Lee Jun Linn is the Executive Director of the Company. He was appointed to the Board on 20 November 2014 and was re-elected on 20 October 2015.

Mr Lee is responsible for directing the Group's sales, marketing and distribution platforms, and focuses on developing the Group's marketing strategies and expanding its distribution network.

Started his career with the Group as an Assistant General Manager of Unigloves Shanghai in April 2008, Mr Lee rose through ranks to become General Manager of Unigloves Shanghai in 2012. He was also appointed as a director of Unigloves Shanghai in July 2011.

Mr Lee graduated from University College London with a Bachelor of Science (Economics) degree in August 2006 and subsequently obtained a Master of Science (International Management (China)) degree from the School of Oriental & African Studies in London in December 2007.

MR LIM TECK CHAI, DANNY

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lim Teck Chai, Danny is the Independent Director of the Company, and Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. He was appointed to the Board on 21 August 2014 and was re-elected on 20 October 2015.

Mr Lim is currently an equity partner in Rajah & Tann Singapore LLP. He joined Rajah & Tann Singapore LLP in May 1998 and has since been practising and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructurings, amongst others, and his clients include multi-national corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.

Mr Lim has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999, and he is also a member of the Law Society of Singapore and the Singapore Academy of Law.

Mr Lim graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in July 1998 and a Master of Science (Applied Finance) degree from Nanyang Technological University in April 2006.

Mr Lim is currently independent non-executive director of companies listed on the SGX-ST, namely Tee Land Limited, Kimly Limited and Stamford Land Corporation Limited.

Mr Lim was formerly independent non-executive director of China Star Food Group Limited and Sincap Group Limited in the past three years.

MR NG LIP CHI, LAWRENCE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ng Lip Chi, Lawrence is the Independent Director of the Company, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees. He was appointed to the Board on 20 November 2014 and was re-elected on 20 October 2015.

Mr Ng is currently an executive director of NLC Advisory Pte. Ltd., a firm that provides corporate advisory services. He has extensive experience in international mergers and acquisitions and corporate finance, having worked in a professional services firm and investment banks, such as Arthur Andersen, Credit Agricole Indosuez Merchant Bank Asia Ltd and DBS Bank Ltd., as well as in-house corporate finance for an Asian natural resources conglomerate.

Mr Ng has advised companies on a wide range of transactions including acquisitions, divestitures, joint ventures, spin-offs, buyouts, reverse takeovers and capital raisings. His previous clients included multi-national companies, local and overseas listed companies, private enterprises and private equity firms.

Mr Ng graduated from the National University of Singapore with a Bachelor of Business Administration and is also a Chartered Financial Analyst.

Mr Ng is currently the non-executive chairman and independent director of Sanli Environmental Limited listed on the SGX-ST.

KEY MANAGEMENT

MR TERENCE YAP SENG KEONG

CHIEF FINANCIAL OFFICER

Mr Terence Yap Seng Keong is the Chief Financial Officer of the Company since he joined in April 2014.

Mr Yap is responsible for the oversight and control of the Group's overall accounting and finance function, including monitoring and coordinating the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST.

Mr Yap started his career with BDO Binder in July 1995 where he was promoted to the position of Senior Audit Manager before leaving in April 2006. He then joined KPMG (Melaka Branch) as the Branch Head from May 2006 to August 2006. Thereafter, he returned to BDO Binder as the Senior Audit Manager where he was in charge of auditing and administrative matters until November 2010. He then joined Silverlake Structured Services Sdn Bhd as a Finance Manager and moved on to join Sunrich Resources Sdn Bhd as a Finance Manager in 2011. Subsequently, he joined Mustapha, Khoo & Co as the Chief Audit Executive in 2012 and he was responsible for performing audit on the firm's clients.

Mr Yap was also the Head of Governance at a Bursa-listed company New Hoong Fatt Holdings Berhad in March 2013, where his areas of responsibilities include internal audit, secretarial matters, Bursa reporting and investor relations. Prior to joining the Group in 2014, Mr Yap was Chief Financial Officer at MTD ACPI Engineering Berhad, where he was responsible in overseeing finance and accounting functions.

Mr Yap graduated from Kolej Tunku Abdul Rahman with a Diploma in Commerce (Financial Accounting), ACCA, in May 1995. He is also a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Accountants.

MS WONG PEK WEE

HEAD OF MANUFACTURING

Ms Wong Pek Wee is Head of Manufacturing of the Group and she is responsible for oversight and management of the Group's entire glove manufacturing process. This includes planning for the whole glove manufacturing and production process, quality assessment as well as research and development focusing on cost efficiency.

Ms Wong joined the Group as a chemist in January 1997. She rose through ranks to become Executive (manufacturing) in January 1998, Production Manager in January 2000, Manufacturing Manager in September 2007, and subsequently promoted to be the Head of Manufacturing.

Ms Wong started her career as a chemist with Cospac Sdn Bhd from June 1993 to May 1995. Prior to joining the Group, she was a temporary teacher with Sekolah Menengah Chung Ching, Raub Pahang.

Ms Wong graduated from University of Malaya with a Bachelor of Science (Chemistry) in July 1993.

MR ANG BENG CHEE

HEAD OF ADMINISTRATION

Mr Ang Beng Chee is Head of Administration of the Group and he is responsible for oversight of the Group's logistics, administration, compliance and human resource functions.

Mr Ang joined the Group as a factory manager in October 1988 when the Group commenced its operations, and was subsequently, promoted to General Manager (Administration) in September 2007.

Mr Ang started his career in January 1974 as a general assistant at Ang Choon Swee Trading Agency in charge of issuing workman and motor vehicle cover notes. He then joined Geological Survey Department of Malaysia as a geological assistant from September 1977 to June 1985. Prior to joining the Group, he was with Malaysia Mining Corporation as a geological assistant from August 1985 to September 1988.

Mr Ang completed his education in Sekolah Menengah Undang Jelebu in August 1973.

CORPORATE GOVERNANCE REPORT

UG Healthcare Corporation Limited (the "**Company**" or "**UG**") and its subsidiaries (collectively, the "**Group**") are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2012 (the "**Code**") which forms part of the continuing obligations of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"). The Group has complied with the principles and guidelines set out in the Code, where appropriate.

This report describes the Group's corporate governance practices that were in place throughout the financial year ended 30 June 2017 ("**FY2017**").

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The primary function of the Board of Directors (the "**Board**") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operating initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include:

- Setting the Group's strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.
- Overseeing the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance.
- Reviewing the performance of management and overseeing succession planning for management.
- Setting the Group's values and standards (including ethical standards) and ensuring the obligations to shareholders and other stakeholders are understood and met.
- Considering sustainability issues as part of the strategic formulation.

Independent judgement

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

The current members of the Board and their membership on the board committees of the Company are as follows:

	Directors	Board Appointments	Audit Committee	Nominating Committee	Remuneration Committee
1	Yip Wah Pung	Non-Executive Chairman and Independent Director	Chairman	Member	Member
2	Lee Keck Keong	Chief Executive Officer and Executive Director	–	Member	–
3	Lee Jun Yih	Executive Director	–	–	–
4	Wong See Keong	Executive Director	–	–	–
5	Lee Jun Linn	Executive Director	–	–	–
6	Lim Teck Chai, Danny ("**Danny Lim**")	Independent Non-Executive Director	Member	Chairman	Member
7	Ng Lip Chi, Lawrence ("**Lawrence Ng**")	Independent Non-Executive Director	Member	Member	Chairman

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Delegation by the Board

The Board has delegated certain functions to the board committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). Each of the board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key features of Board processes

The dates of Board and board committee meetings as well as annual general meetings ("**AGM**") are scheduled in advance. To assist Directors in planning their attendance, the Company Secretary consults every Director before fixing the dates of these meetings. Following the change of the Company's reporting of its unaudited financial results from a half-yearly basis to a quarterly basis, the Board will meet at least four times a year and as warranted by particular circumstances. For FY2017, as the Company released its maiden quarterly unaudited financial results for the quarter ended 31 March 2017 on 12 May 2017, only three Board and AC meetings were held. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company's Constitution. Details on the number of Board and board committee meetings held in the financial year as well as the attendance of each board member at those meetings are disclosed below.

Directors' attendance at Board and board committee meetings in FY2017

Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held[(1)]	No. of Meetings Attended	No. of Meetings Held[(1)]	No. of Meetings Attended	No. of Meetings Held[(1)]	No. of Meetings Attended	No. of Meetings Held[(1)]	No. of Meetings Attended
Ang Beng Teck[(2)]	3	1	3	1[(3)]	1	1[(3)]	1	1[(3)]
Yip Wah Pung	3	3	3	3	1	1[(3)(4)]	1	1
Lee Keck Keong[(5)]	3	3	3	3[(3)(6)]	1	1	1	1[(3)(6)]
Lee Jun Yih	3	3	3	3[(3)]	1	1[(3)]	1	1[(3)]
Wong See Keong	3	3	3	3[(3)]	1	1[(3)]	1	1[(3)]
Lee Jun Linn	3	3	3	3[(3)]	1	1[(3)]	1	1[(3)]
Danny Lim	3	3	3	3	1	1	1	1[(7)]
Lawrence Ng	3	3	3	3	1	1	1	1

(1) Represents the number of meetings held as applicable to each individual director.

(2) Mr Ang Beng Teck retired as Executive Director and Chief Executive Officer on 19 October 2016.

(3) Attendance at meetings on a "By Invitation" basis.

(4) Mr Yip Wah Pung was appointed as a member of the Nominating Committee following a re-composition of the Board and board committees on 19 October 2016 ("**Re-composition**"). As the Nominating Committee meeting in FY2017 was held before 19 October 2016, Mr Yip Wah Pung had attended the Nominating Committee meeting on a "By Invitation" basis.

(5) Mr Lee Keck Keong was re-designated from Non-Executive Director to Executive Director and appointed as Chief Executive Officer on 19 October 2016.

(6) Following the Re-composition, Mr Lee Keck Keong ceased to be a member of the Audit Committee and Remuneration Committee and attended Audit Committee and Remuneration Committee meetings held after 19 October 2016 on a "By-Invitation" basis.

(7) Following the Re-composition, Mr Danny Lim was appointed as a member of the Remuneration Committee. As the Remuneration Committee meeting in FY2017 was held before 19 October 2016, Mr Danny Lim had attended the Remuneration Committee meeting on a "By-Invitation" basis.

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Board's approval

Matters specifically reserved for the Board's approval are listed below:

- Strategies and objectives of the Group;
- Announcement of quarterly and full year financial results and release of annual reports;
- Issuance of shares;
- Declaration of interim dividends and proposal of final dividends;
- Convening of shareholders' meetings;
- Material investments, divestments or capital expenditure;
- Commitments to term loans and lines of credits from banks and financial institutions;
- Interested person transactions; and
- The appointment, re-appointment (where applicable) and remuneration packages of the Directors and key management personnel.

Clear directions have been imposed on management that the above matters must be approved by the Board.

Induction and training of Directors

The Company ensures that incoming new Directors are given guidance and orientation (including onsite visits, if necessary) to get them familiarised with the Group's business, operations and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations and for those without prior experience as directors of a listed company in Singapore, they will undergo training and/or briefing on the roles and responsibilities as directors. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops as relevant and/or applicable.

The Group has an open policy for professional training for all the Board members and Independent Directors. The Company endorses the Singapore Institute of Directors ("**SID**") training programs and sets a budget for such training and professional development programs All Board members are encouraged to attend relevant training organised by the SID or any other organisation which provides relevant training courses for directors. The cost of such training will be borne by the Company.

Briefings and updates provided for Directors in FY2017

The NC reviews and makes recommendations on training and professional development programs to the Board.

During the AC meetings, the Directors were briefed by the external auditors on the recent changes to the accounting standards and regulatory updates. The Chief Executive Officer updates the Board during the Board meetings on the business and strategic developments of the Group.

News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority, including amendments of Companies Act and the Catalist Rules, were circulated to the Board. Management keeps the Board informed of business trends in the industry by circulating to the Board articles, reports and press releases relevant to the Group's business.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

Board size and composition

The Board comprises seven (7) Directors, of which four (4) are Executive Directors, and three (3) are Independent Non-Executive Directors.

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's business and the number of board committees, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making.

The Board considers a director who has no relationship with the Company, its related companies, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Group, to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factor which would render a Director to be deemed not independent. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

The independence of any director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Independent Directors make up one-third of the Board, which meets the requirements set out in the Code. This provides a strong and independent element on the Board which is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

Independent Non-Executive Directors

The Independent Non-Executive Directors communicate regularly to discuss matters such as Group's financial performance and corporate governance measures and provide constructive advice and guidance on directions in relation to the Group's business strategies. They also review performance of the management in achieving agreed goals and objectives and monitor the reporting of performance. Where necessary, the Independent Non-Executive Directors meet and discuss on the Group's affairs without the presence of the management.

Principle 3: Chairman and Chief Executive Officer

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

The Chairman of the Board and the Chief Executive Officer (the "**CEO**") are two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

Mr Yip Wah Pung, is an Independent Non-Executive Director and also the Chairman of the Board. He assumes the responsibility for the smooth functioning of the Board and ensures timely flow of information between the management and the Board; sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board; ensures effective communication with shareholders; facilitates the effective contribution of non-executive directors in particular; and promotes high standards of corporate governance.

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Mr Lee Keck Keong was re-designated from Non-Executive Director to Executive Director and appointed as CEO on 19 October 2016. He assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

There is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. The Board is satisfied that a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

All the board committees are chaired by Independent Directors and one third of the Board consists of Independent Directors.

Principle 4: Board Membership

The NC consists of three (3) Independent Non-Executive Directors and one (1) Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr Danny Lim	–	Chairman
Mr Yip Wah Pung	–	Member
Mr Lawrence Ng	–	Member
Mr Lee Keck Keong	–	Member

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:

– review the size, structure and composition of the Board;

– identify, review and recommend candidates to the Board including the appointment of alternate directors, if any, board committee members, CEO, deputy CEO, Chief Financial Officer ("**CFO**") and chief risk officer;

– recommend to the Board re-nominations of existing directors for re-election in accordance with the Company's Constitution, taking into account the Director's competencies, commitment, contribution and performance;

– establish a process for the selection, appointment and re-appointment of Directors;

– review and approve any new employment of employees related to the Directors, substantial shareholders of the Company or related persons, including the proposed terms of such employment;

– undertake board succession plans for Directors, in particular, the Chairman and the CEO;

– determine annually whether or not a Director is independent;

– in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the director when serving on multiple boards and discharging his duties towards other principal commitments;

– review training and professional development programs for the Board;

– make recommendation to the Board in determining the maximum number of listed company board representations which any Director may hold, and disclose this in the Company's annual report;

– decide whether or not a Director is able to and has been adequately carrying out his/her duties as a director;

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– develop a process for evaluating the performance of the Board, its board committees and Directors by setting objective performance criteria for the Board and implementing such process for assessing the effectiveness of the Board as a whole and assessing the contribution of each individual Directors to the effectiveness of the Board; and

– ensure complete disclosure of key information of Directors in the Company's annual report as required under the Code, as amended from time to time.

Directors' independence review

The NC reviews the independence of each Director annually, and as and when circumstances require.

Annually, each Independent Director is required to complete a Director's Independence Checklist (the "**Checklist**") to confirm his independence. The Checklist is drawn up based on the guidelines provided in the Code. Thereafter, the NC reviews the Checklist completed by each Independent Director, assesses the independence of the Independent Directors and recommends its assessment to the Board.

The NC has reviewed (in accordance with the Code's definition of independence), determined and confirmed the independence of the Independent Directors. The Board, after taking into account the views of the NC, determined that Mr Yip Wah Pung, Mr Danny Lim and Mr Lawrence Ng are independent.

Directors' time commitments and multiple directorships

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The guidelines provide that, as a general rule, each Director should hold no more than five listed company board representations.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the respective Directors' actual conduct on the Board, in making this determination.

None of the Directors, save for Mr Danny Lim and Mr Lawrence Ng, have multiple listed company board representation. Mr Danny Lim is an independent non-executive director of Tee Land Limited and Stamford Land Corporation Limited, both companies listed on the Main Board of SGX-ST, and Kimly Limited, a company listed on the Catalist Board of the SGX-ST. Mr Lawrence Ng is an independent director and non-executive chairman of Sanli Environmental Limited, a company listed on the Catalist Board of the SGX-ST. The NC has reviewed and considered Mr Danny Lim's and Mr Lawrence Ng's directorships in these other listed companies, as well as all Directors' other principal commitments, and is satisfied that the Directors have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company. The NC is of the view that each Director's directorships is in line with the Company's guideline of a maximum of five listed company board representations and that each Director has discharged his duties adequately.

Process for selection, and appointment of new Directors

The NC has in place formal, written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board.

In identifying suitable candidates, the NC may:

1. Advertise or use the services of external advisers to facilitate a search.

2. Approach alternative sources such as the SID.

3. Consider candidates from a wide range of backgrounds from internal or external sources.

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After short listing the candidates, the NC shall:

(a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have enough time available to devote himself or herself to the position; and

(b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

Process for re-appointment of Directors

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Regulation 104 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation and be eligible for re-election at the Company's AGM. Pursuant to the one-third rotation rule, Mr Lee Jun Yih and Mr Danny Lim shall retire at the Company's forthcoming AGM and shall be eligible for re-election.

The NC is satisfied that Mr Lee Jun Yih and Mr Danny Lim, retiring at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time and recommended to the Board that the retiring Directors be nominated for re-election.

Mr Lee Jun Yih, is a controlling shareholder of the Company and is deemed interested in an aggregate of 62.57% of the Company's ordinary shares held by Zen UG Pte. Ltd., Raydion Direct Global Inc and CIMB Securities (Singapore) Pte. Ltd.. He is the son of Mr Lee Keck Keong and brother of Mr Lee Jun Linn, who are both Executive Directors in the Company.

Mr Danny Lim does not have any relationships with the Group, its Directors or its shareholders with shareholdings of 10% or more in the voting shares of the Company.

There is currently no alternate Director on the Board.

Each member of the NC abstains from voting on any resolutions and making any recommendation and or participating in discussion on matters in which he is interested.

Key information on the Director's particulars and backgrounds can be found on pages 14 to 15 of the Annual Report, while information on the Director's shareholdings in the Company can be found on pages 36 and 86.

Principle 5: Board Performance

A review of the Board's performance and the individual Director's performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and board committees. Each Board member will be required to complete an appraisal form to be returned to the NC Chairman for evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from the Directors to continually improve the Board's performance.

In evaluating the Board's and individual Director's performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board.

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The performance criteria for the Board evaluation are in relation to:–

a. Board structure

b. Board process and accountability

c. Access to information

d. Performance monitoring

e. Risk management and internal control

f. Compensation

g. Communication with shareholders

The individual Director's performance criteria is in relation to the Director's:

a. Duties including attendance at board meetings, meeting preparation, participation in related activities

b. Interactive skill

c. Contribution of knowledge such as industry or professional expertise, specialist or functional contribution

The NC was of the view that given the cohesiveness of the Board members and that all Independent Non-Executive Directors sit in the various board committees, there would not be any value add in having a separate evaluation of the board committees.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board and each individual Director. Where relevant, the NC will consider such an engagement.

The NC has assessed the performance of the Board and each individual Director for FY2017, and is of the view that the performance of the Board as a whole and each individual Director was satisfactory.

Principle 6: Access to Information

Complete, adequate and timely information

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow Directors sufficient time to prepare for the meetings, all Board and board committee papers are distributed to the Directors at least 5 days in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. In respect of budgets or internal forecasts, any material variance between the projections and the actual results are disclosed and explained to the Board.

Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and board committee meetings. In order to keep the Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

To facilitate direct access to management, the Directors are also provided with the names and contact details of the management team.

Company Secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Catalist Rules, are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value, as well as assisting the Chairman in ensuring good information flows within the Board and its board committees and between management and the Non-Executive and Independent Directors.

The Company Secretary attends and prepares minutes for all Board and board committee meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman of board committees and management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the Company Secretary is subject to the Board's approval.

Independent professional advice

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC consists of three (3) members, all of whom including the RC Chairman, are independent:

Mr Lawrence Ng	–	Chairman
Mr Yip Wah Pung	–	Member
Mr Danny Lim	–	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

– recommend to the Board a general framework of remuneration for the Board and key management personnel;

– review and recommend to the Board the specific packages for each Director as well as key management personnel;

– review annually the remuneration packages (including remuneration, bonuses, pay increases or promotions) of the employees of the Group who are immediate family members of or related to a Director or CEO or substantial shareholders of the Company so as to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

– review all aspects of remuneration of the Board and key management personnel including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

– in seeking expert advice in/or outside the Company on Director's remuneration, the RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

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– in reviewing and making recommendations for remuneration for the Board and key management personnel, the RC shall consider:

- level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company;

- the use of long-term incentive schemes for Executive Directors and key management personnel;

- that the remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be overcompensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders;

- the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company;

- the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company should aim to be fair and avoid rewarding poor performance.

The Company had adopted a share option scheme known as the Unigloves Employee Share Option Scheme (the "**Unigloves ESOS**") and a share scheme known as the Unigloves Performance Share Plan (the "**Unigloves PSP**"). The RC's duties also include the administration of the Unigloves ESOS and Unigloves PSP.

The aggregate number of Shares to be issued pursuant to the Unigloves ESOS, when aggregated to the aggregate number of shares issued and issuable or transferred and to be transferred in respect of all options or awards under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares), on the day immediately preceding the date on which an offer to grant an option is made.

On 28 August 2015, the Company granted to the employees (excluding Directors, controlling shareholders or their associates) 1,570,000 share options pursuant to the Unigloves ESOS which are vested equally over three (3) years, first year of vesting being after two (2) years from the date of grant. As at 30 June 2017, the share options granted are outstanding and have not been exercised. There was no further grant of share options during the financial year under review.

No participant received 5% or more of the total number of share options under the Unigloves ESOS.

The exercise price of the options granted was S$0.1816 for each share, being a discount of 20% to the average of the last dealt prices of the Company's shares on the SGX-ST over the five (5) consecutive trading days immediately preceding the date of grant of options. The exercise price was at a discount to the market price of the shares on the date of grant, being S$0.23 per share.

The aggregate number of Shares to be issued pursuant to the awards granted under the Unigloves PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes, shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) from time to time. During FY2017, there were no awards granted pursuant to the Unigloves PSP.

The RC from time to time and where necessary will seek advice from the external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2017.

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him.

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Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Directors and key management personnel. The Executive Directors are paid a basic salary and is entitled to a discretionary bonus.

Key management personnel are paid basic salary and variable bonus. The variable bonus varies according to the Group's performance objectives. The allocation will also be based on the individual performance and their contributions towards the Group's performance.

The RC also ensures that the remuneration of the Non-Executive Directors are appropriate to their level of contribution taking into account factors such as efforts and time spent, and their responsibilities. Non-Executive Directors receive a basic fee for their services. The RC ensures that the Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the RC and the Board. Directors' fees are further subject to the approval of the shareholders at the AGM.

The Company has entered into separate service agreement ("**Service Agreements**") with the Executive Directors, Mr Wong See Keong, Mr Lee Jun Yih and Mr Lee Jun Linn respectively for an initial period of three (3) years from 8 December 2014. The Service Agreements are renewable thereafter unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

The Company has also entered into a Service Agreement with Mr Lee Keck Keong who was re-designated as Executive Director and CEO for an initial period of three (3) years from 19 October 2016 and is renewable thereafter unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

Pursuant to the terms of the Service Agreements, the Executive Directors are entitled to a discretionary bonus to be recommended and determined by the RC. The compensation package, including changes to annual salary and/or the inclusion of suitable profit sharing terms, may be adjusted as the RC may, determine from time to time.

The Company has also entered into separate employment contracts with the key management personnel which provides for remuneration payable to them, annual leave entitlement and termination arrangements.

The Company believes in aligning its level and structure of remuneration with the interests of shareholders to promote the long-term success of the Company. To initiate this, the Unigloves ESOS and Unigloves PSP have been adopted to link rewards to eligible employees including Executive Directors, Non-Executive Directors, key management personnel and other employees based on corporate and individual performance and align their interests with those of shareholders.

Typically the total remuneration mix available comprises annual fixed salary in cash, annual performance-related variable bonus in cash, and the Unigloves ESOS and Unigloves PSP where appropriate.

The Company did not engage the services of any remuneration experts to advise on remuneration matters for FY2017.

Having reviewed and considered the variable components of the remuneration packages for the Directors and key management personnel, which are moderate, the RC is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by key management personnel.

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Guideline 9.2 of the Code recommends that companies fully disclose the name and remuneration of each Director and the CEO. For confidentiality reasons, the Board has reviewed and decided to deviate from complying with the above recommendation and has provided below a breakdown, showing the level and mix of remuneration of each Director and the CEO in bands of S$250,000 for FY2017:

Remuneration Band and Name of Director	Salary %	Bonus %	Fees %	Other Benefits %	Total %
Up to S$250,000					
Mr Lee Keck Keong[(1)]	–	–	100	–	100
Mr Wong See Keong	63	26	–	11	100
Mr Lee Jun Yih	100	–	–	–	100
Mr Lee Jun Linn	100	–	–	–	100
Mr Yip Wah Pung	–	–	100	–	100
Mr Danny Lim	–	–	100	–	100
Mr Lawrence Ng	–	–	100	–	100
Mr Ang Beng Teck[(2)]	10	73	9	8	100

Notes:

(1) Mr Lee Keck Keong was re-designated to Executive Director and appointed as CEO on 19 October 2016.

(2) Mr Ang Beng Teck retired as Executive Director and CEO on 19 October 2016.

The table below provides a breakdown, showing the level and mix of remuneration of each of the top three (3) key management personnel (who are not Directors or the CEO) for FY2017:

Remuneration Band and Name of Key Executive	Salary %	Bonus %	Fees %	Other Benefits %	Total %
Up to S$250,000					
Ms Wong Pek Wee	64	25	–	11	100
Mr Terence Yap Seng Keong	84	5	–	11	100
Mr Ang Beng Chee	61	33	–	6	100

The Company has only three (3) key management personnel.

	S$
Aggregate of the total remuneration paid or payable to the top three key management personnel (who are not Directors or the CEO)	289,665

The remuneration paid to Mr Ang Beng Teck from the period from 1 July 2016 up to his retirement date as Executive Director and CEO was S$46,309.87.

There was no employee who is an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 in FY2017.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO or the key management personnel.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Non-Executive Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.

For the financial year under review, the CEO and CFO have provided assurance to the Board on the integrity of the financial statements of the Group.

Principle 11: Risk Management and Internal Controls

The Board, with the assistance from the AC, is responsible for the governance of risk by ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to the requirements of the Catalist Rules and the Code.

The Company has engaged an independent accounting firm, IA Essential Sdn Bhd, Malaysia, as its internal auditors ("**Internal Auditors**"). The Internal Auditors have presented their internal audit plan to the AC and the Board during FY2017 to assist the AC and the Board in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls.

Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the AC and the Board for further discussion. The AC and the Board also work with the Internal Auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

With assistance from the Internal Auditors, key risk areas which have been identified are analysed, monitored and reported. In this connection, the Group has conducted risk assessment and has established the risk reporting dashboard with a view to develop a detailed risk register to ensure that the Group's risk management and internal control systems are adequate and effective.

<u>Assurance from the CEO and the CFO</u>

The Board has received written assurance from the CEO and the CFO that:

(a) The financial records of the Group have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The CEO and the CFO have obtained similar assurance from the business and corporate executive heads in the Group.

CORPORATE GOVERNANCE REPORT

Opinion on the adequacy and effectiveness of the risk management and internal control systems

The AC sought the views of the external auditors in making assessment of the internal controls over financial reporting matters. In addition, based on the internal controls established and maintained by the Group, the work performed by the Internal Auditors, as well as the assurance received from the CEO and the CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal control systems, addressing financial, operational, compliance, information technology risks, and risk management systems were adequate and effective as at 30 June 2017.

The Board notes that the system of risk management and internal controls established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 12: Audit Committee

The AC consists of three (3) members, all of whom including the AC Chairman, are independent:

Mr Yip Wah Pung – Chairman
Mr Danny Lim – Member
Mr Lawrence Ng – Member

The members of the AC carried out their duties in accordance with the terms of reference which include the following:

– review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the Company's financial performance;

– review and report to the Board annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

– review the external auditor's audit plan and results of the external audit, including the evaluation of the system of internal accounting controls and its cost effectiveness, and the review of the extent of non-audit services provided by the external auditors;

– review the external auditors' reports;

– review the scope and results of the internal audit procedures and the internal auditor's evaluation of the adequacy of our internal control and accounting system;

– review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major financial risk areas, significant adjustments resulting from the audit, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

– ensure co-ordination between the internal and external auditors and the management,including considering the level of assistance given by the management to the auditors, and discuss problems and concerns, if any arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

– review the scope and results of the external audit, and the independence and objectivity of the external auditors;

– review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and our management's response;

– make recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- review significant financial reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the Company's financial statements and any formal announcements relating to the Group's financial performance before submission to the Board;

- review the adequacy and effectiveness the Group's internal controls systems with the CFO and the internal and external auditors including financial, operational, compliance, information technology controls and risk management system and report to the Board at least annually;

- review interested person transactions and monitor the procedures established to regulate interested person transactions to ensure compliance with the Group's internal control system and the relevant provisions of the Catalist Rules as well as to ensure that proper measures to mitigate such conflicts of interests have been put in place;

- review the independence of the external auditors and recommend their appointment or re-appointment, remuneration and terms of engagement;

- review and approve all hedging policies and instruments implemented by the Group;

- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

- review arrangements by which an employee may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

- undertake generally such other functions and duties as may be required by statute or the Catalist Rules, as amended, modified or supplemented from time to time.

Apart from the above, the AC shall:

- commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and

- commission an annual internal controls audit until such time it is satisfied that the internal controls of the Group are sufficiently robust and effective in mitigating any key internal control weaknesses the Group may have. Prior to decommissioning such an internal controls audit, the Board shall report to the Sponsor and the SGX-ST (if necessary) on the basis to decide to decommission the annual internal controls audit, as well as the measures taken to rectify key weaknesses in and/or strengthen the internal controls of the Group. Thereafter, the AC shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of the Group have remained robust and effective. Upon the completion of an internal controls audit, the Board shall make the appropriate disclosure via the SGXNET of any weaknesses in the Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by the Board.

The AC has explicit authority to investigate any matter within its term of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer to attend its meetings.

<u>Summary of the AC's activities</u>

The AC met three times during FY2017. Details of members and their attendance at meetings are provided on page 18 of the Annual Report. The CFO, Company Secretary and external auditors are invited to these meetings. Other members of management are also invited to attend, as appropriate, to present reports.

During the financial year, the AC had one meeting with the Internal Auditors and external auditors separately, without the presence of management. These meetings enable the Internal Auditors and external auditors to raise issues encountered in the course of their work directly to the AC.

CORPORATE GOVERNANCE REPORT

The AC received updates from the external auditors during the AC meetings on changes and amendments to the Companies Act and accounting standards to enable the members of AC to keep abreast of such changes, and issues which have a direct impact on financial statements.

The AC met at physical meetings or through telephone conference to review the quarterly and full year results announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors.

In the review of financial statements for FY2017, the AC discussed with management, the CFO and the external auditors the significant accounting policies, judgements and estimates applied by management in preparing the annual financial statements. The AC focused particularly on:

- Significant adjustments resulting from the audit;
- The appropriateness of the going concern assumption in the preparation of the financial statements; and
- Significant deficiencies in internal controls over financial reporting matters that came to the external auditors' attention during their audit together with their recommendations.

In addition, significant matters that were discussed with management and the external auditors have been included as Key Audit Matters ("**KAMs**") in the audit report for the financial year ended 30 June 2017 on pages 41 to 42 of the Annual Report.

Following the review and discussions, the AC then recommended to the Board for the approval of the audited annual financial statements.

External audit processes

The AC manages the relationship with the Group's external auditors, on behalf of the Board. The AC is of the view that the external auditors. Mazars LLP demonstrated appropriate qualifications and expertise and is also independent of the Company. It is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Mazars LLP. Therefore, the AC recommended to the Board that Mazars LLP be re-appointed as the external auditors. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Mazars LLP at the forthcoming AGM.

The AC undertook a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended the re-appointment of the external auditors at the forthcoming AGM.

The aggregate amount of audit and non-audit fees paid or payable to the external auditors for FY2017 are S$159,000 for audit fees and S$42,000 for non-audit fees relating to the provision of tax compliance services, respectively. The Company has complied with Rule 712 and Rule 715 of the Catalist Rules in the appointment of its auditor.

Internal audit

During FY2017, the AC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with management, Internal Auditors and external auditors.

The AC considered and reviewed with the management and the Internal Auditors on the following:

- Internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and
- Significant internal audit observations and the management's response thereto.

The AC has reviewed the adequacy and effectiveness of the internal audit function.

CORPORATE GOVERNANCE REPORT

Interested person transactions

The AC reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company or its minority shareholders. On a quarterly basis, management reports to the AC the interested person transactions.

There were no interested person transactions during the financial year under review.

The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of interested person transactions are effective.

Whistle blowing

The Company has adopted a Whistle-Blowing Policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in matters of financial reporting or other matters. The AC exercises the overseeing function over the administration of the Whistle-Blowing Policy. The Whistle-Blowing Policy provides for procedures to validate concerns and for investigations to be carried out independently. The Whistle-Blowing Policy has been circulated to all employees and has been published on the Company's website for the purposes of the external parties such as customers, suppliers, and other stakeholders.

Principle 13: Internal Audit

The AC approves the appointment, removal, evaluation and compensation of Internal Auditors. The internal audit function of the Group is outsourced to IA Essential Sdn Bhd, Malaysia. The Internal Auditors' primary line of reporting is the AC Chairman. Administratively, the Internal Auditors report to the CEO. The selection of the Internal Auditors, its fee proposal and the internal audit proposal were reviewed and approved by the AC. The Internal Auditors carry out their function in accordance to the standards set by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The primary purpose of the internal audit function is to assist the Board and management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The internal audit approach focuses on key financial, operational, compliance, information technology risks and risk management system. The internal audit plan is established in consultation with, but independent of, management. The internal audit plan is reviewed and approved by the AC. All internal audit findings, recommendations and status of remediation, are circulated to the AC, the CEO, the external auditors and relevant management.

The AC will ensure that management provides good support to the Internal Auditors and provides them with access to documents, records, properties and personnel when requested in order for the Internal Auditors to carry out their function accordingly. The AC will meet with the Internal Auditors once a year, without the presence of management.

The AC, together with the Board have reviewed the effectiveness of the actions taken by management on the recommendations made by the Internal Auditors. The Board and the AC are of the view that the internal audit function is adequately resourced and has the appropriate standing within the Group.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held in Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business-related matters. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineer at such general meetings. The Company will employ electronic polling if necessary.

CORPORATE GOVERNANCE REPORT

The Constitution of the Company allows any member of the Company, if he is unable to attend a general meeting, to appoint not more than two proxies to attend and vote in his behalf at the meeting through a proxy form sent in advance. Pursuant to the amendments to the Companies Act effective from 1 January 2016, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

Principle 15: Communication with Shareholders

Disclosure of information on a timely basis

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press releases and on the corporate website. To ensure a level playing field and to provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET as soon as practicable.

The Group's corporate website is the key resource of information for shareholders. In addition to the quarterly and full year financial results materials, it contains a wealth of investor related information on the Group, including annual reports, shares and dividend information and factsheets.

Interaction with shareholders

The Company has appointed an external investor relations firm to facilitate the communication with all stakeholders (shareholders, analysts and media) on a regular basis, to attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance. To enable shareholders to contact the Company easily, the contact details of the investor relations function are set out on Corporate Information page this Annual Report. The Company has procedures in place with regard to responding to investors' queries.

Dividend policy

In the Company's Offer Document dated 28 November 2014 (the "**Offer Document**"), the Company stated that it does not have a fixed dividend policy. However, it is also disclosed in the Offer Document that the Board intends to recommend and distribute dividends of at least 20% of the Group's net profit after tax for each financial year commencing from the financial year ended 30 June 2016. The form, frequency and amount of future dividends that the Board may recommend or declare in respect of any particular year or period, will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

- The Group's financial position, results of operations and cash flow;
- The ability of the Group's subsidiaries to make dividend payment to the Company;
- The Group's expected working capital requirement to support the Group's future growth;
- The Group's ability to successfully implement the Group's future plan and business strategy;
- The passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations governing the Group's operations;
- General economic conditions and other factors specific to the Group's industry or specific projects; and
- Any other factors deemed relevant by the Board at the material time.

For FY2017, the Board did not recommend any payment of dividends as the Group aims to conserve cash as it embarks on its expansion plans.

CORPORATE GOVERNANCE REPORT

Principle 16: Conduct of Shareholders Meetings

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website.

The Company's Constitution allows all shareholders to appoint proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors including Chairman of the Board and the respective Chairman of the AC, NC and RC, management, and the external auditors will be in attendance at general meetings to address any queries of the shareholders.

The Company Secretary will record the minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from management. Such minutes will be available to shareholders upon their request.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings.

Dealing in Securities

The Group has adopted an internal compliance code to provide guidance to its Directors and all employees of the Group with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Directors and employees of the Group while in possession of unpublished price sensitive information. Directors and employees are not allowed to deal in the Company's securities on short-term considerations and during the period commencing two weeks before the announcement of the Company's first three quarterly financial results and one month before the announcement of the Company's full year financial results. The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Material Contracts

There are no material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling shareholder either still subsisting as at 30 June 2017 or if not then subsisting, entered into since the end of the previous financial year:

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited during the financial year under review.

Interested Person Transactions

The Company confirms that there were no interested person transactions during the financial year under review.

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920 of the Catalist Rules.

DIRECTORS' STATEMENT

The directors of the Company present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2017 and the statement of financial position and statement of changes in equity of the Company as at 30 June 2017.

1. Opinion of the directors

In the opinion of the directors,

(I) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(II) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Yip Wah Pung
Lee Keck Keong
Lee Jun Yih
Wong See Keong
Lee Jun Linn
Lim Teck Chai, Danny
Ng Lip Chi, Lawrence

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the object was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the "**Act**"), the directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Direct interest		Deemed interest	
Name of directors and respective Companies in which interest is held	**At the beginning of the year**	**At end of the year**	**At the beginning of the year**	**At end of the year**
The Company				
(Ordinary shares)				
Lee Keck Keong	–	–	109,943,030	118,890,377
Lee Jun Yih	–	–	110,826,030	119,793,032
Lee Jun Linn	–	–	110,631,130	119,593,794
Wong See Keong	9,120,670	9,323,697	–	–

The directors' interests in the shares and options of the Company on 21 July 2017 were the same as at 30 June 2017.

DIRECTORS' STATEMENT

5. Share options

On 28 August 2015 (the "**Date of Grant**"), share options were granted to management and confirmed employees under the Unigloves Employee Share Option Scheme (the "**Scheme**"). Options were granted at the exercise price of S$0.1816 per share. The Scheme is administered by the Remuneration Committee which comprises the following directors:

Ng Lip Chi, Lawrence (Chairman)
Yip Wah Pung
Lim Teck Chai, Danny

The share options are vested equally over three (3) years. The participants are entitled to exercise the options at first year of vesting being after two (2) years from the date of grant. In all other cases, an option will be forfeited in the event that the option not exercised within 10 years from the date of grant.

Details of the options to subscribe for ordinary shares of the Company pursuant to the Scheme are as follows:

Date of grant	Expiry date	Exercise price (S$)	At 1.7.2016	Granted	Exercised	At 30.6.2017
28.8.2015	27.8.2025	0.1816	1,570,000	–	–	1,570,000

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at end of the financial year other than those referred to above.

6. Performance Share Plan

There were no awards granted under the performance share plan by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of exercise of awards to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under the performance share plan in the Company or its subsidiaries as at the end of the financial year.

7. Audit committee

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Yip Wah Pung (Chairman)
Lim Teck Chai, Danny
Ng Lip Chi, Lawrence

The Audit Committee has convened three meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviews:

i. the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;

DIRECTORS' STATEMENT

7. Audit committee (Continued)

ii. the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal controls;

iii. the Group's interim and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

iv. the quarterly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

v. the adequacy of the Group's risk management processes;

vi. the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

vii. interested person transactions in accordance with SGX listing rules;

viii. Nomination of external auditors and approval of their compensation; and

ix. Submission of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

8. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Lee Keck Keong
Director

Lee Jun Yih
Director

Singapore
27 September 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of UG Healthcare Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") which comprise the statements of financial position of the Group and of the Company as at 30 June 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 85.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Financial Reporting Standards in Singapore ("**FRSs**") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Overview

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statements and assertion levels.

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

For the audit of the current year's financial statements, we identified 3 significant components which required a full scope audit of their information, either because of their size or their risk characteristics, providing 83% coverage of the Group's revenue and 72% of the Group's total assets. In addition, we have also performed specific procedures for the remaining non-significant components.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters

One of the significant component was audited by Crowe Horwath Malaysia as component auditors (the "**component auditors**") under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole which include but not limited to the following:–

– Issuance of a set of comprehensive Group audit instructions to the component auditors to inform them about significant audit matters such as the component materiality thresholds, risks of material misstatements identified at the Group level, specific audit procedures, reporting deliverables and the necessity of timely communication to us of matters that could have a material impact on the Group's operations and financials;

– Review of the audit plans of significant components prepared by the component auditors and where deemed necessary, dictated additional audit procedures to be performed by them;

– On-site review of audit working files prepared by component auditors relating to the Group's significant component;

– Holding of teleconferences with the component auditors, as and when deemed necessary during the course of audit, to discuss about matters, including the audit approach and any other significant matters;

– Holding of closing meetings with the Group finance team of significant component, including the Chief Financial Officer, and the corresponding component auditors to resolve issues and matters;

– Provision of regular updates to the Group's management about the progress of the Group audit and, as and when deemed necessary, any significant accounting and audit issues we encountered during the course of the Group audit such that these issues can be resolved on a timely basis to facilitate the progress of the audit; and

– Site-visits of factories of the Group's significant component.

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors. We will elaborate on the salient areas in the key audit matters below.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the aforementioned salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit response
Valuation of inventories *Refer to Note 3.2 for key sources of estimation uncertainty, and Note 15 (Inventories) for disclosures note.*	
As at 30 June 2017, the Group recorded inventories of S$15.7 million. Inventories is valued at the lower of cost and net realisable value. Management reviews the Group's inventories levels in order to identify slow-moving and obsolete merchandise and identifies items of inventories which have a market price, being the merchandise's selling price quoted from the market of similar items that is lower than its carrying amount. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventories which could then consequentially impact the Group's results, cash flows and financial position. Management estimates the amount of inventories loss as an allowance on inventories to ensure that the inventories amounts recorded are not above their corresponding net realisable value ("**NRV**"). We have identified valuation for inventories as one of the key audit matters because the Group had a material carrying amount of inventories as at the end of the reporting period and the Group determined cost based on standard costing where standard costs are estimated using unit costs at targeted output levels, including direct materials costs, direct labour costs, and indirect costs. The estimation of standard costs requires the separate estimation of standard costs for direct materials, direct labour, and overhead where judgements are involved on absorption and allocation of cost for each type of inventories.	Our procedures included the following: • Assessed costing of closing inventories determined by management using standard costing to ascertain that the standard costs approximate actual costs. • Assessed net realisable value of closing inventories that determined by management to ascertain that inventories are carried at lower of cost or net realisable value. • Evaluated the basis of the allowance with management and checked to historical storage time to assess reasonableness of the storage time's guidance used in the estimation of obsolescence allowance. • Reviewed inventories turnover days and performed a specific review on those slow moving and obsolete inventories.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Matter	Audit response
Allowance for receivables *Refer to Note 3.2 for key sources of estimation uncertainty, and Note 17 (Trade receivables) for disclosures note.*	
As at 30 June 2017, the Group recorded trade receivables of S$18.7 million under current assets. The Group follows the guidance of FRS 39 to determine when trade receivables are impaired. This determination requires certain level of judgment. The Group first assesses whether objective evidence of impairment exists for individually significant debtors and collectively for debtors which are not individually significant. The Group evaluates, among other factors, financial status of the debtors, any changes in the collection status and changes in industry conditions that affect the debtors. Trade receivables that are collectively evaluated for impairment are based on historical loss experience for receivables with similar credit risk characteristics. The methodology and assumptions used for estimating potential impairment loss are reviewed regularly to reduce any differences between loss estimates and actual loss experience. We have identified allowance for receivables as one of the key audit matters because the Group had a material carrying amount of receivables as at the end of the reporting period where specific assessment of the individual receivable for impairment is needed. Determination of the recoverability of the receivables involves significant judgment and estimate.	Our procedures included the following: • Reviewed outstanding debts as at year-end, differentiated in two streams, namely major customers and long outstanding debts exceeding credit terms granted with reference to ageing profile; • Evaluated assumptions used by the management in assessing the adequacy of impairment allowances for individually assessed trade receivables; • Reviewed ageing profile of the receivables and verified to subsequent collections from the receivables to the bank statements; • We also reviewed the background, profile, historical payments trends and subsequent payments of the customers.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements, the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chan Hock Leong, Rick.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
27 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group	
		2017	2016
		$'000	$'000
Revenue	4	**65,239**	58,823
Cost of sales		**(55,573)**	(46,130)
Gross profit		**9,666**	12,693
Other items of income			
Other income	5	**1,830**	2,379
Other items of expense			
Marketing and distribution expenses		**(1,784)**	(1,334)
Administrative expenses		**(6,576)**	(6,738)
Other expenses		**(604)**	(46)
Finance costs	6	**(497)**	(176)
Share of profits from associates		**534**	691
Profit before income tax	7	**2,569**	7,469
Income tax expense	8	**(389)**	(1,950)
PROFIT FOR THE YEAR		**2,180**	5,519
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(3,244)**	(4,278)
Other comprehensive loss for the year, net of tax		**(3,244)**	(4,278)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(1,064)**	1,241
Profit/(Loss) attributable to:			
Owners of the Company		**2,444**	5,450
Non-controlling interests		**(264)**	69
		2,180	5,519
Total comprehensive(loss)/income attributable to:			
Owners of the Company		**(791)**	1,206
Non-controlling interests		**(273)**	35
		(1,064)	1,241
Earnings per share attributable to owners of the Company (cents)			
Basic	9	**1.28**	2.90
Diluted	9	**1.27**	2.89

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF **FINANCIAL POSITION**

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
ASSETS					
Non-current assets					
Subsidiaries	10	–	–	33,091	30,802
Associates	11	5,578	5,288	–	–
Property, plant and equipment	12	19,164	17,078	–	–
Intangible assets	13	261	297	–	–
Deferred tax assets	14	396	158	–	–
Total non-current assets		25,399	22,821	33,091	30,802
Current assets					
Inventories	15	15,699	13,586	–	–
Amount due from subsidiaries	16	–	–	20,486	26,696
Trade and other receivables	17	21,289	13,651	2	9
Derivative financial assets	22	316	–	–	–
Cash and bank balances	18	3,538	5,985	537	629
Total current assets		40,842	33,222	21,025	27,334
Total assets		66,241	56,043	54,116	58,136
EQUITY AND LIABILITIES					
Equity					
Share capital	19	37,126	36,243	37,126	36,243
Reserves	21	(35,842)	(32,607)	–	–
Retained earnings		35,850	34,510	16,877	21,784
Equity attributable to owners of the Company		37,134	38,146	54,003	58,027
Non-controlling interests		(75)	198	–	–
Total equity		37,059	38,344	54,003	58,027
Non-current liabilities					
Deferred tax liabilities	14	1,535	1,269	–	–
Bank borrowings	23	1,654	3,014	–	–
Total non-current liabilities		3,189	4,283	–	–
Current liabilities					
Derivative financial instruments	22	–	143	–	–
Bank borrowings	23	17,233	7,754	–	–
Trade and other payables	24	8,760	5,519	113	109
Total current liabilities		25,993	13,416	113	109
Total liabilities		29,182	17,699	113	109
Total equity and liabilities		66,241	56,043	54,116	58,136

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

GROUP	Share capital $'000	Currency translation reserve (Note 21) $'000	Merger reserves (Note 21) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to equity holders of the Company						
At 1 July 2015	36,243	(2,423)	(25,940)	29,060	36,940	163	37,103
Profit for the year	–	–	–	5,450	5,450	69	5,519
Other comprehensive loss:							
Exchange differences on translating foreign operations	–	(4,244)	–	–	(4,244)	(34)	(4,278)
Total comprehensive income/(loss) for the year	–	(4,244)	–	5,450	1,206	35	1,241
At 30 June 2016	36,243	(6,667)	(25,940)	34,510	38,146	198	38,344
Profit for the year	–	–	–	2,444	2,444	(264)	2,180
Other comprehensive loss:							
Exchange differences on translating foreign operations	–	(3,235)	–	–	(3,235)	(9)	(3,244)
Total comprehensive income/(loss) for the year	–	(3,235)	–	2,444	(791)	(273)	(1,064)
Issuance of shares, net of expenses directly attributable to issuance of new shares (Note 19)	883	–	–	–	883	–	883
Dividend (Note 20)	–	–	–	(1,104)	(1,104)	–	(1,104)
At 30 June 2017	**37,126**	**(9,902)**	**(25,940)**	**35,850**	**37,134**	**(75)**	**37,059**

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Share capital $'000	Retained earnings/ (Accumulated losses) $'000	Total $'000
COMPANY			
At 1 July 2015	36,243	(1,076)	35,167
Profit for the year, representing total comprehensive income for the financial year	–	22,860	22,860
At 30 June 2016	36,243	21,784	58,027
Loss for the year, representing total comprehensive loss for the financial year	–	(3,803)	(3,803)
Issuance of new shares, net of expenses directly attributable to issuance of new shares (Note 19)	883	–	883
Dividend (Note 20)	–	(1,104)	(1,104)
At 30 June 2017	**37,126**	**16,877**	**54,003**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group	
		2017	**2016**
		$'000	**$'000**
Operating activities			
Profit before income tax		**2,569**	7,469
Adjustments for:			
Bad debts written off		**45**	–
Share of profits from associates		**(534)**	(691)
Depreciation of property, plant and equipment		**1,357**	1,051
Amortisation of intangible asset		**9**	10
Fair value loss/(gain) of derivative financial instruments		**133**	(394)
Interest expense		**497**	176
Interest income		**(38)**	(34)
Unrealised exchange differences		**(2,122)**	(3,210)
Operating cash flows before movements in working capital		**1,916**	4,377
Movements in working capital			
Inventories		**(3,129)**	(3,353)
Trade and other receivables		**(7,197)**	388
Trade and other payables		**2,649**	(1,706)
Cash used in operations		**(5,761)**	(294)
Interest paid		**(497)**	(176)
Income taxes paid		**(847)**	(935)
Net cash used in operating activities		**(7,105)**	(1,405)
Investing activities			
Acquisition of property, plant and equipment	12	**(3,626)**	(4,564)
Decrease/(Increase) in fixed deposits pledged to bank		**593**	(262)
Interest received		**38**	34
Dividend received from an associate		**324**	–
Net cash used in investing activities		**(2,671)**	(4,792)
Financing activities			
Drawdown of borrowings		**27,156**	20,103
Repayment of borrowings		**(19,037)**	(14,900)
Dividend paid		**(197)**	–
Net cash from financing activities		**7,922**	5,203
Net decrease in cash and cash equivalents		**(1,854)**	(994)
Cash and cash equivalents at beginning of financial year		**5,406**	5,905
Effect of currency translation on cash and cash equivalents		**(14)**	495
Cash and cash equivalents at end of financial year	18	**3,538**	5,406

The accompanying notes from an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

UG Healthcare Corporation Limited (the "**Company**") (Registration Number 201424579Z) is incorporated and is domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The principal place of business at Lot 3 & 4/4150 Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus, Malaysia and registered office at 38 Beach Road, #29-11 South Beach Tower, 189767 Singapore.

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

The principal activities of the respective subsidiaries are disclosed in Note 10 to the financial statements.

The financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2017 were authorised for issue by the Board of Directors on the date of the directors' statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("**FRS**") including related Interpretations of FRS ("**INT FRS**") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and statement of financial position of the Company are presented in Singapore dollar ("**$**") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("**$'000**"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS below that are relevant to its operations and effective for the annual periods beginning or after 1 July 2016. The adoption of these new/revised FRS and INT FRS did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 7	Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
FRS 12	Amendments to FRS 12: *Recognition of Deferred Tax Assets for unrealised losses*	1 January 2017
FRS 40	Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
FRS 102	Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 104	Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 110, 28	Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: *Effective Date of FRS 115*	1 January 2018
FRS 115	Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 116	*Leases*	1 January 2019
Various	Improvements to FRSs (December 2016)	Various
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 January 2018

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group has not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 30 June 2017. Other than the following standards, management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial *Instruments* (Continued)

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognised lifetime expected credit losses on the affected assets.

The Group is still assessing the potential impact of FRS 109 on its financial statements in the initial year of adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group is still assessing the potential impact of FRS 115 on its financial statements in the initial year of adoption.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by FRS 116 will primarily affect the financial statements of the lessees.

FRS 116 requires, with limited exceptions, the lessee to recognize, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of “low-value” assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Group is still assessing the potential impact of FRS 116 on its financial statements in the initial year of adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Common Control Business Combination Outside the Scope of FRS 103 *Business Combinations* "FRS 103"

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of FRS 103. For such common control business combinations, the pooling-of-interest method is used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying pooling-of-interest method, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with FRS for the purpose of consolidation. The subsidiaries maintain their accounting records and prepare the relevant statutory financial statements in accordance with the accounting standards and legislations of the Generally Accepted Accounting Principle (GAAP) in the respective countries.

In line with the objective of the restructuring exercise and to reflect the financial position and performance of UG Healthcare Corporation Pte. Ltd., all the Group's associates are assumed to have been held from the date the entity had been under common control despite the Group acquiring the shareholding of the associates from the directors of the Company only on after the end of the financial year ended 30 June 2014.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (Continued)

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.6 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Income tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.8 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

▪ Leasehold land	over the lease period of 50 to 73 years
▪ Leasehold buildings	2%
▪ Plant, machinery and equipment	5% to 20%
▪ Motor vehicles	20%
▪ Furniture and fittings	10% to 12%

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

Customer base

The customer base was acquired and recognised based on the fair value of consideration paid. This customer base is measured at cost less any impairment loss as it has definite useful lives of 10 years.

Business licence

The business licence was acquired in a business combination and recognised based on the fair value of consideration paid. This business licence is measured at cost less any impairment loss as it has indefinite useful lives.

2.11 Associate

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. Losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

2.12 Impairment of assets

The Group reviews the carrying amounts of its assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs. The Group's financial assets consists only loans and receivables.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, and bank balances and fixed deposits.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, comprising foreign exchange forward contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is measured based on standard cost which approximates actual cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.15 Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits, and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.18 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based resting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled share options reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 22 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of other equity-settled share-based payments.

The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to accumulated profits upon expiry of the option are not mandatory and may be kept as a separate reserve upon expiry or exercise of the option.

At the end of financial year, the fair value of equity-settled share-based transactions is immaterial. Thus, no amount has been recognised.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entity in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 30.

Allowance for receivables

The Group assesses its trade receivables whether objective evidence of impairment exists for individually significant debtors and collectively for debtors which are not individually significant. The Group evaluates, among other factors, financial status of the debtors, any changes in the collection status and changes in industry conditions that affect the debtors. Trade receivables that are collectively evaluated for impairment are based on historical loss experience for receivables with similar credit risk characteristics. The methodology and assumptions used for estimating potential impairment loss are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The carrying amounts of the Group's trade receivables as at 30 June 2017 were $18,713,000 (2016: $12,131,000) respectively (Note 17).

Property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Changes in the expected level of usage and technological developments could affect the economics and useful lives of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 30 June 2017 were $19,164,000 (2016: $17,078,000) respectively (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. The Group determined cost based on standard costing where standard costs are estimated using unit costs at targeted output levels, including direct materials costs, direct labour costs, and indirect costs. The estimation of standard costs requires the separate estimation of standard costs for direct materials, direct labour, and overhead where judgements are involved on absorption and allocation of cost for each type of inventories. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price, being the merchandise's selling price quoted from the market of similar items that is lower than its carrying amount. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. Management estimates the amount of inventories loss as an allowance on inventories to ensure that the inventories amounts recorded are not above their corresponding net realisable value. The carrying amount of the Group's inventories as at 30 June 2017 was $15,699,000 (2016: $13,586,000) respectively (Note 15).

Provision for income taxes and deferred tax

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's current tax payable and net deferred tax liability as at 30 June 2017 were S$Nil (2016: $Nil) and $1,139,000 (2016: $1,111,000), respectively.

4. REVENUE

	Group	
	2017	**2016**
	$'000	**$'000**
Latex examination gloves	**33,585**	30,991
Nitrile examination gloves	**23,783**	21,191
Other ancillary products	**7,871**	6,641
	65,239	58,823

5. OTHER INCOME

	Group	
	2017	**2016**
	$'000	**$'000**
Foreign exchange gain, net	**1,827**	1,939
Fair value (loss)/gain of derivative financial instrument	**(133)**	394
Interest income	**38**	34
Others	**98**	12
	1,830	2,379

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6. FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expenses on:		
– Finances leases	**1**	2
– Bank loans and overdrafts	**496**	174
	497	176

7. PROFIT BEFORE INCOME TAX

The following charges were included in the determination of profit before income tax:

	Group	
	2017	2016
	$'000	$'000
Cost of inventories recognised as expense in cost of sales	**49,210**	41,371
Audit fees paid to:		
– Auditor of the Company	**122**	126
– Other auditors	**37**	53
Non-audit fees paid to:		
– Auditor of the Company	**11**	10
– Other auditors	**31**	11
Directors' fees of the Company	**89**	133
Directors' remuneration other than fees of the Company:		
– Salary	**306**	244
– Bonus and profit sharing	**68**	82
– Defined contribution plans	**16**	20
Staff costs (excluding directors' remuneration)		
– Salary	**8,971**	7,394
– Defined contribution plans	**227**	208
– Other benefits	**3**	69
Bad debts written off	**45**	–

8. INCOME TAX EXPENSE

	Group	
	2017	2016
	$'000	$'000
Current income tax		
– Current	**453**	1,141
– (Over)/under provision in prior years	**(39)**	387
Deferred income tax		
– Current	**(25)**	763
– Over provision in prior years	**–**	(341)
Total income tax expense	**389**	1,950

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

8. INCOME TAX EXPENSE (CONTINUED)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable statutory rate is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Profit before income tax	**2,569**	7,469
Income tax at statutory rate of 17% (2016: 17%)	**437**	1,270
Add/(Less):		
Tax effect of share of results of associates	**(91)**	117
Effect of different tax rates of overseas operations	**138**	405
Effect of income not subject to tax	**(174)**	(44)
(Over)/under provision in prior years	**(39)**	46
Effect of non-allowable items	**195**	201
Others	**(77)**	(45)
Total income tax expense	**389**	1,950

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Group	
	2017	**2016**
	$'000	**$'000**
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the Company)	**2,444**	5,450

	2017	**2016**
Number of shares		
Weighted average number of ordinary shares for the purposes of:		
– basic share	**191,460,054**	188,023,530
– effect of dilution from share options	**514,030**	635,207
– diluted share	**191,974,084**	188,658,737
Earnings per share (cents)		
– basic	**1.28**	2.90
– diluted	**1.27**	2.89

The calculations of the basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the applicable weighted average number of ordinary shares. These profit and share data are presented in the tables above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

10. SUBSIDIARIES

	Company 2017 $'000	Company 2016 $'000
Investments in subsidiaries, at cost	**33,091**	30,802

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation/operation)	Principal activities	Effective equity interest held by the Company 2017 %	Effective equity interest held by the Company 2016 %
<u>Held directly by the Company</u>			
N.S. Uni-Gloves Sdn Bhd[(1)]/Malaysia	Manufacturing of rubber gloves	**100**	100
UG Global Resources Sdn Bhd[(1)(5)]/Malaysia	Manufacturing of rubber gloves	**100**	–
UG Glovetech Sdn Bhd[(1)(5)]/Malaysia	Investment holding	**100**	–
Unigloves (Singapore) Pte Ltd[(2)]/Singapore	Investment holding and business and management consultancy services	**100**	100
UGHC Marketing Pte Ltd[(2)]/Singapore	Distribution of gloves and other medical disposables	**100**	100
<u>Held through N.S. Uni-Gloves Sdn Bhd</u>			
UG Global Resources Sdn Bhd[(1)(5)]/Malaysia	Manufacturing of rubber gloves	**–**	100
UG Glovetech Sdn Bhd[(1)(5)]/Malaysia	Investment holding	**–**	100
<u>Held through Unigloves (Singapore) Pte Ltd</u>			
Unigloves (UK) Limited[(3)]/United Kingdom	Distribution of gloves and other medical disposables	**55**	55
Shanghai Full-10 International Trading Co. Ltd.[(4)]/China	Distribution of gloves and other medical disposables	**100**	100
Uni-Medical Healthcare Limited[(4)]/Nigeria	Distribution of gloves and other medical disposables	**75**	75

(1) Audited by another firm of auditors, Crowe Horwath, Malaysia and reviewed by Mazars LLP, Singapore for consolidation purposes.

(2) Audited by Mazars LLP, Singapore.

(3) Reviewed by Kreston Reeves LLP, UK for consolidation purposes.

(4) Not audited as insignificant to the Group.

(5) During the financial year, UG Global Resources Sdn Bhd and UG Glovetech Sdn Bhd have been fully transferred to the Company from N.S. Uni-Gloves Sdn Bhd.

For the purpose of Rule 716(1) of the Listing Manual, the Directors and the Audit Committee of the Company are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group, having regard to the size and experience of the audit firms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11. ASSOCIATES

	Group 2017 $'000	Group 2016 $'000
Unquoted equity shares, at cost	**2,466**	2,466
Exchange differences	**(327)**	(407)
Share of post-acquisition results	**4,275**	3,741
Dividend received	**(836)**	(512)
Carrying amount	**5,578**	5,288

The details of the associates are as follows:

Name of associates (Country of incorporation/operation)	Principal activities	Effective equity interest held by the Company 2017 %	Effective equity interest held by the Company 2016 %
Held through Unigloves (Singapore) Pte Ltd			
Unigloves GmbH[(1)(3)]/Germany	Investment holding	**19**	20
UG Healthcare (USA) Inc.[(2)]/United States	Distribution of gloves and other medical disposables	**50**	50
Held through Unigloves GmbH			
Unigloves Artz – Und Klinikbedarf Handelsgessellschaft mbH[(1)(3)]/Germany	Import and export of medical treatment utilities and one way articles	**19**	20
Held through Unigloves Artz- Und Klinikbedarf Handelsgessellschaft mbH			
Unigloves Service & Logistik[(1)(3)]/Germany	Purchase and sale of consumable goods for medical and industrial purposes	**19**	20
Held through Shanghai Full-10 International Trading Co. Ltd.			
Beijing You Li Fu Ming Commercial Trading Co., Ltd[(2)]/Beijing	Distribution of gloves and other medical disposables	**50**	50

(1) Reviewed by an overseas member firm of Mazars for equity accounting purposes.

(2) The unaudited management accounts have been reviewed by Mazars LLP, Singapore for equity accounting purposes, as they are not material to the Group's consolidated financial statements. The board of directors of the entities are controlled by the other 50% shareholders. The Company does not participate in active management nor strategic decisions of the entities.

(3) On 5 August 2016, the Group's equity interest in Unigloves GmbH (which is an associate company in Germany held via the Company's wholly-owned subsidiary, Unigloves (Singapore) Pte. Ltd. has been diluted from 20.000% to 19.286% arising from a subscription of new shares in the associate company by the local managing director.

As the Group continues to exercise significant influence in Unigloves GmbH's operations and management (including policies and decision making), Unigloves GmbH will continue to be treated as an associated company for accounting purpose. The change in shareholding of the associate company does not have any material impact on the net tangible asset per share or the earnings per share of the Group for the financial year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11. ASSOCIATES (CONTINUED)

Summarised financial information in respect of the Group's associates

	Unigloves GmbH and its subsidiaries		UG Healthcare (USA) Inc.		Group	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities:						
Non-current assets	**24,747**	22,846	**9**	15		
Current assets	**12,743**	13,577	**1,488**	1,588		
Total assets	**37,490**	36,423	**1,497**	1,603		
Non-current liabilities	**11,053**	8,894	**22**	30		
Current liabilities	**746**	4,220	**329**	422		
Total liabilities	**11,799**	13,114	**351**	452		
Net assets	**25,698**	23,309	**1,146**	1,151		
Group's share of associate's net assets	**4,954**	4,662	**573**	575	**5,527**	5,237
Other adjustments					**51**	51
Carrying amount of the investment as at 30 June					**5,578**	5,288
Results						
Revenue	**33,906**	33,723	**4,401**	4,356		
Profit/(loss) for the year from continuing operations	**2,845**	3,360	**(30)**	38		
Group's share of associates' profit/(loss) for the year	**549**	672	**(15)**	19	**534**	691

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land $'000	Leasehold buildings $'000	Plant, machinery and equipment $'000	Motor vehicles $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
Cost							
At 1 July 2015	1,978	3,497	14,219	900	984	1,203	22,781
Additions	–	66	2,136	35	275	2,052	4,564
Write off	–	–	(10)	(4)	–	–	(14)
Reclassification	–	–	1,133	–	–	(1,133)	–
Exchange differences	(114)	(201)	(827)	(111)	(98)	(68)	(1,419)
At 30 June 2016	1,864	3,362	16,651	820	1,161	2,054	25,912
Additions	121	116	2,964	–	425	–	3,626
Reclassification*	–	–	3,012	–	–	(2,054)	958
Exchange differences	(133)	(221)	(1,233)	(80)	(88)	–	(1,755)
At 30 June 2017	**1,852**	**3,257**	**21,394**	**744**	**1,498**	**–**	**28,745**
Accumulated depreciation:							
At 1 July 2015	(279)	(521)	(6,544)	(343)	(615)	–	(8,302)
Depreciation	(33)	(57)	(734)	(146)	(81)	–	(1,051)
Write off	–	–	(10)	(4)	–	–	(14)
Exchange translation differences	16	30	386	46	55	–	533
At 30 June 2016	(296)	(548)	(6,902)	(447)	(641)	–	(8,834)
Depreciation	(33)	(56)	(955)	(129)	(184)	–	(1,357)
Exchange translation differences	19	36	474	43	38	–	610
At 30 June 2017	**(310)**	**(568)**	**(7,383)**	**(533)**	**(787)**	**–**	**(9,581)**
Carrying amount:							
At 30 June 2016	1,568	2,814	9,749	373	520	2,054	17,078
At 30 June 2017	**1,542**	**2,689**	**14,011**	**211**	**711**	**–**	**19,164**

* The Group has reclassified formers under inventories of $958,000 to plant, machinery and equipment to reflect more appropriately the nature of the items.

The leasehold land and buildings of the Group with carrying amount of $4,231,000 (2016: $4,382,000) are pledged to secure the bank borrowings (Note 23).

Certain motor vehicles with carrying amount of $15,694 (2016: $22,782) were acquired under finance lease arrangements (Note 23) and are registered under the name of subsidiary.

13. INTANGIBLE ASSETS

	Group 2017 $'000	Group 2016 $'000
Business license[(i)]	**184**	184
Customer base[(ii)]	**77**	113
	261	297

(i) This pertains to the business license to operate the business for a subsidiary in Nigeria.

(ii) This pertains to the acquisition of customer base by a subsidiary in United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

13. INTANGIBLE ASSETS (CONTINUED)

Movement of the intangible assets:

	Group	
	2017	**2016**
	$'000	**$'000**
Cost:		
Balance at 1 July	**297**	326
Addition	**4**	–
Amortisation	**(19)**	(10)
Exchange difference	**(21)**	(19)
Balance at 30 June	**261**	297
Amortisation:		
Balance at 1 July	**(10)**	–
Amortisation	**(9)**	(10)
Balance at 30 June	**(19)**	(10)

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2017	**2016**
	$'000	**$'000**
Deferred tax assets	**396**	158
Deferred tax liabilities	**(1,535)**	(1,269)

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the year.

		Group	
Group	**Accelerated tax depreciation $'000**	**Unabsorbed capital allowances and tax losses $'000**	**Total $'000**
Deferred tax assets			
At 1 July 2015	(3)	77	74
Credited to profit or loss	–	109	109
Exchange translation differences	–	(25)	(25)
At 30 June 2016	(3)	161	158
Credited to profit or loss	–	180	180
Exchange translation differences	–	58	58
At 30 June 2017	**(3)**	**399**	**396**
Deferred tax liabilities			
At 1 July 2015	(1,541)	588	(953)
Charged to profit or loss	(531)	–	(531)
Exchange translation differences	215	–	215
At 30 June 2016	(1,857)	588	(1,269)
Charged to profit or loss	611	(766)	(155)
Exchange translation differences	(28)	(83)	(111)
At 30 June 2017	**(1,274)**	**(261)**	**(1,535)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

15. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Finished goods	**9,736**	7,836
Work-in-progress	**4,681**	3,535
Raw materials	**1,282**	2,215
	15,699	13,586

16. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is non-trade in nature, interest free, repayable on demand and denominated in Singapore Dollars.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables				
– third parties	**14,641**	9,533	**–**	–
– associates	**4,072**	2,598	**–**	–
	18,713	12,131	**–**	–
Other receivables				
– third parties	**2,576**	1,520	**2**	9
Total trade and other receivables	**21,289**	13,651	**2**	9
Add:				
Amount due from subsidiaries (Note 16)	**–**	–	**20,486**	26,696
Cash and bank balances (Note 18)	**3,538**	5,985	**537**	629
Total loans and receivables	**24,827**	19,636	**21,025**	27,334

Trade and other receivables are unsecured, non-interest bearing and subject to normal credit terms.

The average credit period on sale of goods is 30 to 180 days (2016: 30 to 120 days).

The currency profiles of the Group's trade and other receivables as at 30 June are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
United States dollar ("USD")	**13,221**	8,542	**–**	–
Malaysian ringgit ("MYR")	**2,593**	1,643	**–**	–
Pound sterling ("GBP")	**3,545**	2,084	**–**	–
Others	**1,930**	1,382	**2**	9
	21,289	13,651	**2**	9

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

18. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash and bank balances	**1,643**	4,011	**24**	629
Fixed deposits	**1,895**	1,974	**513**	–
	3,538	5,985	**537**	629

Fixed deposits bear interest at an average rate of 2.3% (2016: 2.1%) per annum and are for a tenure of period ranging from 30 to 365 days (2016: 30 to 365 days).

In the last financial year, fixed deposits of the Group amounting to $579,000 were pledged to bank to secure credit facilities granted to certain subsidiaries (Note 23).

The currency profiles of the Group's cash and bank balances as at 30 June are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
USD	**1,037**	2,283	**7**	102
SGD	**539**	551	**530**	527
MYR	**1,577**	1,990	**–**	–
Euro	**30**	34	**–**	–
Others	**355**	1,127	**–**	–
	3,538	5,985	**537**	629

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2017	2016
	$'000	$'000
Cash and bank balances	**3,538**	5,985
Less: Fixed deposits pledged to bank	**–**	(579)
Cash and cash equivalents	**3,538**	5,406

19. SHARE CAPITAL

	Group and Company	
	No. of shares ('000)	$'000
At 1 July 2015 and 1 July 2016	**188,023**	36,243
Issuance of shares pursuant to scrip dividend (Note 20)	**3,437**	907
Share issue expenses	**–**	(24)
At 30 June 2017	**191,460**	37,126

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The newly issued shares rank pari passu in all respects with the previously issued shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

20. DIVIDEND

During the financial year, the Company paid out dividend of $0.00587 per ordinary share in respect of the financial year ended 30 June 2016, of which $907,000 were paid out via issuance of 3,436,524 new ordinary shares (Note 19) and the remaining $197,000 were paid out via cash. These newly issued shares rank pari passu in all respects with the then existing ordinary shares.

The Company did not recommend any dividend in respect of the financial year ended 30 June 2017.

21. RESERVES

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

Merger reserve

This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under "pooling-of-interest".

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2017 Assets $'000	**2017 Liabilities $'000**	**2016 Assets $'000**	**2016 Liabilities $'000**
Forward foreign exchange contracts	**316**	**–**	–	(143)

The Group is a party to foreign currency forward contracts to manage its foreign exchange exposures arising from its foreign currency denominated business transactions. The settlement dates on forward currency contracts range between 3 to 270 days (2016: 3 to 270 days).

At the end of the financial year, the total notional amount of outstanding forward foreign exchange contract to which the Group is committed is as follows:

	2017 USD	**2016 USD**
Forward foreign exchange contract	**14,396,000**	13,490,000

The following table details the forward foreign currency contract outstanding as at the end of the reporting period.

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2017 RM	**2016 RM**	**2017 USD'000**	**2016 USD'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Sell USD	**4.36**	4.04	**14,396**	13,490	**19,912**	18,399	**316**	(143)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

23. BANK BORROWINGS

	Group	
	2017	**2016**
	$'000	**$'000**
Secured bank loans[1]	**2,690**	3,856
Secured finance lease payables[2]	**13**	19
Secured export invoice financing[3]	**16,184**	6,893
Total	**18,887**	10,768
Less:		
Amount due for settlement within 12 months[3][4]	**(17,233)**	(7,754)
Amount due for settlement after 12 months	**1,654**	3,014

(1) The weighted average effective interest rates of the Group's secured bank loans are ranging from 5.24% to 5.89% (2016: 5.24% to 6.17%) and are secured as follows:

(i) legal charges on the leasehold land and buildings;

(ii) guarantees from the Company, certain subsidiaries, related parties and directors of the Company; and

(iii) debentures over certain production lines.

(2) The finance lease terms range from 1 to 5 years. All leases are on a fixed repayment basis and are secured by motor vehicles of a subsidiary (Note 12). The minimum lease payment of the finance lease is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Minimum hire purchase payments:		
– less than one year	**14**	6
– within one to five years	**–**	15
	14	21
Less: Future finance charges	**(1)**	(2)
Present value of hire purchase payables	**13**	19

(3) The export invoice refinancing is repayable from 1 to 180 days (2016: 1 to 150 days). The interest rate for export invoice refinancing is 1.75% (2016: 1.75%) per annum over London Inter Bank Offer Rate (LIBOR) prevailing from time to time or 1.75% (2016: 1.75%) per annum over the Bank's cost of funds as determined by the bank on the day of transaction, whichever is the higher. Corporate guarantee is given by the Company and the subsidiary of the Group.

(4) The amount, shown under current liabilities, consists of secured banks loans of $1,036,000 (2016: $855,000), secured finance lease payables of $13,000 (2016: $6,000), secured export invoice financing of $16,184,000 (2015: $6,893,000).

The weighted average effective interest rate for bank borrowings is 4.55% (2016: 5.24%).

The carrying amounts of the Group's borrowings approximate their fair values.

The currency profiles of the Group's borrowings as at 30 June are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
USD	**16,184**	6,893
MYR	**2,703**	3,875
	18,887	10,768

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables				
– third parties	**5,550**	3,076	**–**	–
Other payables				
– third parties	**2,582**	1,609	**33**	3
Accrued expenses	**628**	834	**80**	106
Total trade and other payables	**8,760**	5,519	**113**	109
Add:				
Bank borrowings (Note 23)	**18,887**	10,768	**–**	–
Total financial liabilities carried at amortised cost.	**27,647**	16,287	**113**	109

Trade payables are unsecured, interest-free and with the credit term ranging from 21 to 90 days (2016: 21 to 90 days).

Other payables to third parties represent payables to utility supplies. Other payables are unsecured, interest-free and repayable on demand.

The currency profiles of the Group's trade and other payables as at 30 June are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
USD	**2,170**	1,123	**–**	–
MYR	**5,597**	3,309	**–**	–
Others	**993**	1,087	**113**	109
	8,760	5,519	**113**	109

25. CAPITAL COMMITMENTS

	Group	
	2017 $'000	2016 $'000
Capital expenditure contracted but not provided for:		
Commitments for the acquisition of property, plant and equipment	**134**	2,610

26. CONTINGENT LIABILITIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Bank guarantee given to third parties for utility supplies to a subsidiary	**1,906**	1,840	**–**	–
Corporate guarantee given to banks for bank facilities granted to subsidiaries	**–**	–	**–**	337
	1,906	1,840	**–**	337

The fair value of the corporate guarantee given to banks for bank facilities granted to subsidiaries is not material.

NOTES TO THE FINANCIAL STATEMENTS

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27. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personal services to the reporting entity or to the parent of the reporting entity.

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	2017 $'000	2016 $'000
Sales to associates	**15,160**	14,139

Key management personnel remuneration

	2017 $'000	2016 $'000
Short-term benefits	**641**	599
Defined contribution plans	**41**	44
	682	643

NOTES TO THE FINANCIAL STATEMENTS

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28. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Malaysia, Germany, United Kingdom, China and United States which are engaged in the manufacturing, distribution and trading of latex and nitrile examination gloves.

The Group has three reportable segments being latex examination gloves, nitrile examination gloves and other ancillary products.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on gross profit. The other operating expenses which include interest income, finance costs, depreciation, share of profit of associate and income tax were not monitored by segment.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on combination.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2017 $'000	2016 $'000
Revenues		
Total revenue for reportable segments	**128,971**	134,349
Elimination of inter-segment revenue	**(63,732)**	(75,526)
	65,239	58,823
Profit or loss		
Total profit or loss for reportable segments	**2,035**	6,778
Share of profit of associates	**534**	691
Profit before income tax	**2,569**	7,469
Assets		
Total assets for reportable segments	**60,663**	50,755
Investments in associates	**5,578**	5,288
Total assets	**66,241**	56,043
Liabilities		
Total liabilities for reportable segments	**29,182**	17,699
Total liabilities	**29,182**	17,699

28. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items (Continued)

Business Segments

Revenue	**2017**		**2016**	
	$'000	**(%)**	**$'000**	**(%)**
Latex examination gloves	**33,585**	**51**	30,991	53
Nitrile examination gloves	**23,783**	**37**	21,191	36
Other ancillary products	**7,871**	**12**	6,641	11
Total	**65,239**	**100**	58,823	100

Gross profit	**2017**		**2016**	
	$'000	**(%)**	**$'000**	**(%)**
Latex examination gloves	**5,431**	**56**	6,165	48
Nitrile examination gloves	**3,528**	**37**	4,670	37
Other ancillary products	**707**	**7**	1,858	15
Total	**9,666**	**100**	12,693	100

Gross profit margin	**2017**	**2016**
	(%)	**(%)**
Latex examination gloves	**16**	20
Nitrile examination gloves	**15**	22
Other ancillary products	**9**	28
Overall	**15**	22

Geographic information

Revenues from external customers

	2017	**2016**
	$'000	**$'000**
Europe	**31,482**	29,182
North America	**12,928**	10,844
South America	**8,915**	5,953
Africa	**2,216**	1,748
Asia	**5,161**	5,321
Malaysia#	**4,537**	5,775
	65,239	58,823

Includes revenue from intermediaries that export our products to overseas market.

The revenue information above is based on the location of the customers.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

28. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items (Continued)

Geographic information (Continued)

Location of non-current assets

	Malaysia $'000	Europe S$'000	North America $'000	Africa $'000	Asia $'000	Total $'000
2017						
Non-current assets	**18,834**	**5,365**	**573**	**492**	**135**	**25,399**
2016						
Non-current assets	16,792	4,908	575	417	129	22,821

Non-current assets consist of property, plant and equipment and investments in associates in Germany and United States of America.

Major customers

Revenue from one major customer amounted to approximately $13,083,976 (2016: $13,584,196) which is derived from a mixture of segments.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by a central treasury department ("Group Treasury") in accordance with the policies set by the management. The trading team of Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risks

Credit risks refer to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

At the end of the reporting period, 22% (2016: 21%) of trade receivables relates to 2 associates which were not past due nor impaired. The Group has not recognised an allowance for doubtful receivables as the director is of the view that there has not been any significant change in credit quality and the amounts are still considered recoverable.

The Group's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade and other receivables that are neither past due nor impaired amounted to $12,669,000 (2016: $3,340,000) are substantially companies with good collection track record with the Group.

The age analysis of trade receivables past due but not impaired is as follows:

	2017 $'000	2016 $'000
Past due for 1 to 90 days	**5,372**	6,500
Past due for 91 to 180 days	**164**	1,943
Over 181 days	**508**	348
	6,044	8,791

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including foreign currency forward contracts to hedge against foreign currency risks.

<u>Foreign currency risks</u>

The Group is exposed to foreign currency risk on certain income, expenses, monetary assets and liabilities, mainly forward foreign currency contracts, that are denominated in currencies other than the functional currencies of the respective entities in the Group. As at the reporting date, the Group and Company do not have significant foreign currency risk exposure except for the financial liabilities, mainly forward foreign currency contracts, denominated in USD. The Group either uses financial instruments such as foreign currency forward contracts to hedge certain financial risk exposures although hedge accounting was not applied or the natural hedges arising from a matching sale, purchase or a matching of assets and liabilities of the same currency and amount.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Monetary assets				
USD	**28**	761	**7**	102
Monetary liabilities				
USD	**(1,529)**	(947)	**–**	–
Less: Forward foreign currency contracts (USD)	**(19,912)**	(18,399)	**–**	–
	(21,413)	(18,585)	**7**	102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to USD.

The following table details the Group's sensitivity to a 5% change in USD against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit before income tax			
	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
USD				
Strengthens against $	**(1,071)**	(929)	*	5
Weakens against $	**1,071**	929	*	(5)

* Less than $1,000

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's interest rate risk arises primarily from the floating rate borrowings with financial institutions.

The Group's exposure to interest rate risk are disclosed in Note 23 to the financial statements.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks of bank borrowings at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit/(Loss) before income tax	
	2017 $'000	2016 $'000
Bank borrowings		
Increase	**(189)**	(108)
Decrease	**189**	108

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

	Carrying amount $'000	Contractual undiscounted cash flows $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Financial assets					
Cash and bank balances	3,538	3,538	3,538	–	–
Trade and other receivables	21,289	21,289	21,289	–	–
Derivative financial instruments	316	316	316	–	–
As at 30 June 2017	**25,143**	**25,143**	**25,143**	**–**	**–**
Cash and bank balances	5,985	5,985	5,985	–	–
Trade and other receivables	13,651	13,651	13,651	–	–
As at 30 June 2016	19,636	19,636	19,636	–	–
Financial liabilities and derivative financial instrument					
Trade and other payables	8,760	8,760	8,760	–	–
Bank borrowings	18,887	19,545	17,796	1,749	–
As at 30 June 2017	**27,647**	**28,506**	**26,769**	**1,737**	**–**
Trade and other payables	5,519	5,519	5,519	–	–
Bank borrowings	10,768	11,377	3,185	8,192	–
Derivative financial instruments	143	143	143	–	–
As at 30 June 2016	16,430	17,039	8,847	8,192	–
Total net assets/ (liabilities)					
As at 30 June 2017	**(2,504)**	**(2,504)**	**(850)**	**(1,654)**	**–**
As at 30 June 2016	3,206	2,597	10,789	(8,192)	–

The Group's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required. The repayment terms of the bank borrowings are disclosed in Notes 23 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

30. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amounts of cash and bank balances, trade and other receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable financial assets and financial liabilities are determined as follows:

(a) Level 1 **–** the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 **–** in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 **–** in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The table below analyses the Group's assets and liabilities that are measured at fair value on a recurring basis in the statement of financial position after initial recognition.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements				
As at 30 June 2017				
Derivative financial assets	22	**–**	**316**	**–**
As at 30 June 2016				
Derivative financial liabilities	22	–	(143)	–

Level 2 - Derivative financial instruments

Valuation techniques with market observable inputs are used for the determination of the fair values of foreign currency forward contracts. The fair values of forward currency contracts are determined using forward exchange rates at the end of the reporting period.

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31. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2017.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debts.

	2017 **$'000**	**2016** **$'000**
Net debt	**24,109**	10,302
Total equity	**37,059**	38,344
Total capital	**61,168**	48,646
Gearing ratio	**39%**	21%

The Group is in compliance with all externally imposed capital requirements for the financial year ended 30 June 2017 and 30 June 2016.

SHAREHOLDERS' STATISTICS

AS AT 15 SEPTEMBER 2017

ISSUED AND FULLY PAID-UP CAPITAL	:	S$38,600,429.38**
NUMBER OF SHARES ISSUED	:	191,460,054
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE
NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	NIL

** This is based on records kept with the Accounting and Corporate Regulatory Authority and differs from the accounting records of S$37,125,570 due to certain share issue expenses.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 – 99	5	0.92	138	0.00
100 – 1,000	26	4.80	13,288	0.01
1,001 – 10,000	206	38.01	1,366,220	0.71
10,001 – 1,000,000	289	53.32	21,058,054	11.00
1,000,001 & above	16	2.95	169,022,354	88.28
TOTAL	542	100.00	191,460,054	100.00

Based on the information provided and to the best knowledge of the Directors, approximately 32.19% of the issued ordinary shares of the Company is held in the hands of the public as at 15 September 2017 and therefore Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 15 SEPTEMBER 2017

Substantial Shareholders	Direct Interest (No. of shares)	Deemed Interest (No. of shares)	Total no. of shares held	Percentage of shares
Zen UG Pte. Ltd.(1)	94,500,825	–	94,500,825	49.36%
Raydion Direct Global Inc(1)	24,389,552	–	24,389,552	12.74%
Lee Keck Keong	–	118,890,377	118,890,377	62.10%
Sim Ai Cheng(2)	–	118,890,377	118,890,377	62.10%
Lee Jun Yih	902,655	118,890,377	119,793,032	62.57%
Lee Jun Linn	703,417	118,890,377	119,593,794	62.46%

Notes:

(1) Lee Keck Keong, Sim Ai Cheng, Lee Jun Yih and Lee Jun Linn are deemed to be interested in all the shares held by Zen UG Pte. Ltd. and Raydion Direct Global Inc by virtue of Section 7 of the Companies Act.

(2) Sim Ai Cheng is the spouse of Lee Keck Keong and the mother of Lee Jun Yih and Lee Jun Linn.

SHAREHOLDERS' STATISTICS

AS AT 15 SEPTEMBER 2017

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
ZEN UG PTE. LTD.	94,500,825	49.36
RAYDION DIRECT GLOBAL INC	24,389,552	12.74
WONG SEE KEONG	9,323,697	4.87
JEREMY LEE SHENG POH	5,711,320	2.98
DB NOMINEES (S) PTE LTD	5,441,340	2.84
ANG BENG TECK @ ANG CHAI TIAM	5,353,831	2.80
UOB KAY HIAN PTE LTD	4,526,470	2.36
ANG BENG YONG	4,185,858	2.19
MAYBANK KIM ENG SECURITIES PTE LTD	3,632,014	1.90
TOMMIE GOH THIAM POH	3,264,810	1.71
DIANA SNG SIEW KHIM	2,000,000	1.04
FONG KIM CHIT	2,000,000	1.04
ANG BENG CHEE	1,233,837	0.64
PHILLIP SECURITIES PTE LTD	1,185,261	0.62
KOH KIM LENG COLIN	1,166,000	0.61
OCBC SECURITIES PRIVATE LTD	1,107,539	0.58
LEE JUN YIH	902,655	0.47
CITIBANK NOMINEES S'PORE PTE LTD	861,073	0.45
LEE JUN LINN	703,417	0.37
KUA PHEK LONG	600,000	0.31
TOTAL	172,089,499	89.88

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of UG Healthcare Corporation Limited (the "**Company**") will be held at YMCA Singapore, One Orchard Road, Singapore 238824 on Wednesday, 25 October 2017 at 10.00 a.m. to transact the following business:–

Ordinary Business

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2017 together with the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect the following Directors who are retiring pursuant to Regulation 104 of the Company's Constitution:

   Mr Lee Jun Yih **[Resolution 2]**
   Mr Lim Teck Chai, Danny **[Resolution 3]**
   [Explanatory Note (1)]

3. To approve the payment of Directors' fees of S$76,026 for the financial year ending 30 June 2018 (FY2017: S$76,835). **[Resolution 4]**

4. To re-appoint Messrs Mazars LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **[Resolution 5]**

5. To transact any other ordinary business which may be transacted at an annual general meeting.

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications:

6. Authority to allot and issue shares in the capital of the Company

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**") and the Constitution of the Company, authority be and is hereby given to the Directors to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**"), whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

   (1) the aggregate number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below); and

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ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (1) above, the percentage of Shares (excluding treasury shares and subsidiary holdings) that may be issued shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the date of the passing of this Resolution, after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities or (b) new Shares arising from the exercising of share options or vesting of share awards outstanding and/or subsisting at the time of passing of this Resolution; provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (c) any subsequent bonus, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Constitution for the time being of the Company.

(4) Unless previously revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." **[Explanatory Note (2)]** **[Resolution 6]**

7. Authority to allot and issue shares under:

(A) The Unigloves Employee Share Option Scheme

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

(i) offer and grant options ("**Options**") from time to time in accordance with the rules of the Unigloves Employee Share Option Scheme (the "**Unigloves ESOS**"); and

(ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of Options granted under the Unigloves ESOS,

provided always that the aggregate number of Shares to be issued pursuant to the Unigloves ESOS, when aggregated to the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), on the day immediately preceding the date on which an offer to grant an Option is made. The grant of Options can be made at any time from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[Explanatory Note (3)] **[Resolution 7A]**

(B) The Unigloves Performance Share Plan

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the rules of the Unigloves Performance Share Plan (the "**Unigloves PSP**"); and

(ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards granted under the Unigloves PSP,

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provided always that the aggregate number of Shares to be issued or transferred pursuant to the Awards granted under the Unigloves PSP, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[Explanatory Note (3)] **[Resolution 7B]**

8. The Proposed Adoption of the Share Buy-back Mandate

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the Shares ("**Share Buy-back**") not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) on-market purchases, transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed ("**Market Purchase**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) which shall satisfy all the conditions prescribed by the Companies Act, as may be determined or formulated by the Directors as they may consider fit ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws, regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-back Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting is held or required by law or the Constitution to be held;

(ii) the date on which Share Buy-backs have been carried out to the full extent mandated under the Share Buy-back Mandate; or

(iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting;

collectively known as the "**Relevant Period**".

(c) in this resolution:

"**Prescribed Limit**" means 10.0% of the total number of issued and paid-up Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered, excluding any treasury shares, that may be held by the Company from time to time;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (including brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, hundred and five percent (105.0%) of the Average Closing Price (as defined herein); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, hundred and twenty percent (120.0%) of the Average Closing Price, where:

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"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which the Shares are transacted on Catalist or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the Offer Date pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs after the relevant 5-day period; and

"**Offer Date**" means the date on which the Company makes an offer for a Share Buy-back, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution. **[Explanatory Note (4)]** **[Resolution 8]**

By Order of the Board

Sharon Yeoh
Company Secretary

9 October 2017
Singapore

Explanatory Notes:

(1) Resolution 3 – Mr Lim Teck Chai, Danny, if re-elected, will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Mr Lim Teck Chai, Danny to be independent pursuant to Rule 704(7) of the Catalist Rules.

(2) Resolution 6 – This Resolution, if passed, will empower the Directors, effective until (i) the conclusion of the next annual general meeting, or (ii) the date by which the next annual general meeting of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make of grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, one hundred percent (100%) of issued share capital of the Company (excluding treasury shares and subsidiary holdings), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

(3) Resolution 7A and 7B – This Resolution, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the exercise of Options and vesting of Awards under the Unigloves ESOS and Unigloves PSP respectively, provided that the aggregate number of Shares to be issued pursuant to the Unigloves ESOS and Unigloves PSP, when aggregated to the number of Shares issued and issuable or transferred and to be transferred under any other share option schemes or share schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(4) Resolution 8 – This Resolution, if passed, will empower the Directors of the Company from the date of the above annual general meeting to purchase or other acquire Shares by way of Market Purchases or Off-Market purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buy-back Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to this Resolution is set out in the Appendix enclosed together with the Annual Report.

NOTICE OF
ANNUAL GENERAL MEETING

Notes:–

1. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead at the Annual General Meeting. A proxy need not be a member of the Company. Where such member appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, B.A.C. S. Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Ong Hwee Li (Telephone no.: (65) 65323829) at 1, Robinson Road, #21-02 AIA Tower, Singapore 048542.

UG HEALTHCARE CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 201424579Z

PROXY FORM

IMPORTANT:
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "**Relevant Intermediary**").
2. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast his vote(s) at the Annual General Meeting in person. SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Annual General Meeting.
3. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ______________________________ *NRIC/Passport/Co. Registration No. ____________

of ____

being a member/members of **UG HEALTHCARE CORPORATION LIMITED** hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

as *my/our *proxy/proxies to attend, speak or vote for me/us and on *my/our behalf at the Annual General Meeting of the Company to be held at YMCA Singapore, One Orchard Road, Singapore 238824 on Wednesday, 25 October 2017 at 10.00 a.m. and at any adjournment thereof.

*I/We have directed *my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the Annual General Meeting.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [√] within the box provided.

AS ORDINARY BUSINESS			
No.	**Resolutions Relating To:**	**For***	**Against***
1	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2017		
2	Re-election of Mr Lee Jun Yih as Director		
3	Re-election of Mr Lim Teck Chai, Danny as Director		
4	Approval of Directors' fees for financial year ending 30 June 2018		
5	Re-appointment of Messrs Mazars LLP as auditors		
AS SPECIAL BUSINESS			
6	Authority to allot and issue new shares		
7A	Authority to allot and issue shares pursuant to the Unigloves ESOS		
7B	Authority to allot and issue shares pursuant to the Unigloves PSP		
8	Proposed Adoption of the Share Buy-back Mandate		

* Delete where inapplicable

Dated this __________ day of ________________ 2017

Total Number of Shares Held in:	
CDP Register	
Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporate Member
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of Shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the Annual General Meeting. Where a member appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

3. For any member who acts as a Relevant Intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore, who is either:

   a. a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   b. a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   c. Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   You are entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming Annual General Meeting.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, B.A.C. S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time set for holding the Annual General Meeting.

5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney or other authority or a duly certified copy thereof shall (failing previous registration with the Company), if required by law, be duly stamped and be deposited at the office of the Company's Share Registrar at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or adjourned meeting, failing which the instrument of proxy shall not be treated as valid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject this instrument of proxy if it is incomplete improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

MR YIP WAH PUNG
Non-Executive Chairman and
Independent Director

MR LEE KECK KEONG
Executive Director and
Chief Executive Officer

MR LEE JUN YIH
Executive Director

MR WONG SEE KEONG
Executive Director

MR LEE JUN LINN
Executive Director

MR LIM TECK CHAI, DANNY
Independent Non-Executive Director

MR NG LIP CHI, LAWRENCE
Independent Non-Executive Director

AUDIT COMMITTEE

Mr Yip Wah Pung (Chairman)
Mr Lim Teck Chai, Danny
Mr Ng Lip Chi, Lawrence

REMUNERATION COMMITTEE

Mr Ng Lip Chi, Lawrence (Chairman)
Mr Yip Wah Pung
Mr Lim Teck Chai, Danny

NOMINATING COMMITTEE

Mr Lim Teck Chai, Danny (Chairman)
Mr Yip Wah Pung
Mr Ng Lip Chi, Lawrence
Mr Lee Keck Keong

COMPANY SECRETARY

Ms Sharon Yeoh Kar Choo, ACS

REGISTERED OFFICE

38 Beach Road #29-11
South Beach Tower
Singapore 189767
Tel: (60) 6677 2751/2
Fax: (60) 6677 2755
Website: www.ughealthcarecorporation.com

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #08-00
ASO Building
Singapore 048544

AUDITORS

Mazars LLP
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

Partner-in-charge: Mr Chan Hock Leong, Rick
Date of appointment: 17 November 2014

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

United Overseas Bank (Malaysia) Bhd
Menara UOB
Jalan Raja Laut
Peti Surat 11212
50738 Kuala Lumpur

CONTINUING SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542
Tel: (65) 6532 3829

Registered professional: Mr Ong Hwee Li

INVESTOR RELATIONS

Equitique Communications Pte Ltd
远璟财经通讯私人有限公司
1 Raffles Place
#31-03 One Raffles Place
Singapore 048616
Email: equitique@eqtq.com.sg

UG HEALTHCARE CORPORATION LIMITED
(Company Registration Number: 201424579Z)

Visit us at www.ughealthcarecorporation.com