UG HEALTHCARE CORPORATION

BOLSTERING OUR POTENTIAL

UG Healthcare Corporation Limited

ANNUAL REPORT 2019

CONTENTS

CORPORATE PROFILE

UG HEALTHCARE'S "UNIGLOVES" BRAND OF DISPOSABLE GLOVES OFFERS AN EXTENSIVE PRODUCT RANGE THAT INCLUDES SPECIALISED PRODUCTS WITH A VARIETY OF COATINGS, SCENTS, COLOURS, THICKNESS, ANTI-MICROBIAL PROPERTIES FOR MORE SPECIALISED USERS, ACROSS A DIVERSE RANGE OF INDUSTRIES CATERING TO DIFFERENT APPLICATIONS AND PREFERENCES.

UG Healthcare Corporation Limited 优格医疗有限公司 ("**UG Healthcare**" and together with its subsidiaries, the "**Group**"), is a disposable gloves manufacturer with its own established global downstream distribution that markets and sells disposable glove products under its proprietary "Unigloves" brand.

The Group owns and operates an extensive downstream network of distribution companies with a local presence in Europe, United Kingdom, USA, China, Africa and South America, where it markets and sells its own proprietary "Unigloves" brand of disposable gloves. The Group also distributes ancillary products including surgical gloves, vinyl and cleanroom disposable gloves, face masks and other medical disposables.

These downstream distribution companies are supported and complemented by the Group's own upstream manufacturing division, manufacturing natural latex and nitrile disposable gloves under its "Unigloves" brand and third party labels in its manufacturing facilities located in Seremban, Malaysia.

Its "Unigloves" brand of disposable gloves offers an extensive product range that includes both specialised products, with a variety of coatings, scents, colours, thickness, anti-microbial properties for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross infection protection and hygiene standards, whilst catering to different applications and preferences.

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

INDUSTRY SOLUTIONS

AUTOMOTIVE

DENTISTRY

FOOD AND BEVERAGE

HEALTHCARE

BEAUTY

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

On behalf of the Board, we are pleased to update that our Group continued to progress in the financial year ended 30 June 2019 ("**FY2019**") amidst the global economic slowdown, geopolitical uncertainties, volatility in foreign exchange and inflationary costs.

The commercialisation of new production lines in our new production facility, added an annual production capacity of 500 million gloves in end January 2019, bringing our total annual production capacity to 2.9 billion gloves at end FY2019. The increase in production capacity provides the Group with greater flexibility as we execute our plans concurrently, for both our upstream manufacturing and downstream distribution businesses. The finetuning of production lines and scheduled maintenance for some of the existing production lines, raised our production efficiency and resulted in higher volume of gloves produced. This, together with our efforts in rolling out marketing campaigns to promote our proprietary branded glove products and prudent expansion in warehousing and logistics infrastructure in our targeted markets, particularly in Brazil, received encouraging response.

For FY2019, the Group registered 17.5% growth in revenue to S$91.7 million and saw a more significant increase in gross profit by 46.6% to S$18.7 million. Higher production efficiency and economies of scale lifted gross profit margin from 16.4% in FY2018 to 20.4% in FY2019.

The continuous investment in strengthening our foundation as well as maintaining our organic growth momentum, however, came with an increase in operating expenses. The Group's weaker financial performance mainly stemmed from higher marketing and distribution, administrative and finance expenses, resulting in net profit attributable to shareholders decreasing by 42.2% to S$2.5 million in FY2019. We believe the short-term investment will correspond with a sustainable and stable long-term return for the Group.

As at 30 June 2019, total equity stood at S$43.3 million with net asset value per share increasing to 22.43 Singapore cents.

PROSPECTS AHEAD

The improving healthcare regulations and increasing awareness, particularly in the developing countries, will continue to drive demand for quality disposable gloves across all industries including healthcare, dentistry, automotive, and food & beverage. The Malaysian Rubber Gloves Manufacturers Association ("**MARGMA**") estimates that global demand for disposable gloves will enjoy annual growth of 12%, reaching 300 billion gloves in 2019.

The Group's distribution companies established in our key markets including China, Africa, and South America, manage their respective marketing and sales of gloves and ancillary products targeted for local consumption. We are encouraged by the strong growth in these markets as the glove consumption per capita has a lot of headroom for growth, compared with developed countries.

LETTER TO SHAREHOLDERS

OUR GROUP'S STRATEGY IS TO MANAGE AND OPERATE BOTH UPSTREAM MANUFACTURING AND DOWNSTREAM DISTRIBUTION THROUGH BUILDING OUR PROPRIETARY BRANDED PRODUCTS. **WE BELIEVE THE SHORT-TERM INVESTMENT WILL CORRESPOND WITH A SUSTAINABLE AND STABLE LONG-TERM RETURN FOR THE GROUP.**

BOLSTERING OUR POTENTIAL

We believe our strategy to manage both upstream manufacturing and downstream distribution through building our proprietary branded products, will enable us to generate higher value for the Group in the long run. While it is relatively demanding for a Group of our size to manage the twin engines, our efforts in establishing our own local distribution companies in our key markets over the past years continue to prove that we are on track towards our ambition in managing and operating an integrated supply chain for our proprietary brand of products.

In view of the ongoing macro uncertainties, we are taking the prudent approach of upgrading some of our existing production lines to further enhance the overall production efficiency and economies of scale. We will look into constructing new production lines to increase our annual production capacity at the new production facility by another 300 million gloves, to achieve 3.2 billion gloves in the following financial year in 2021. This approach allows the Group to maximise the potential with its existing production capacity before we embark on further capacity expansion.

While the Group reported a weaker performance for FY2019, we are cautiously optimistic of our revenue growth and improved earnings in the coming quarters as production efficiency continues to increase and production capacity stabilises through our integrated supply chain.

The Board is recommending a first and final (tax-exempted) dividend of S$0.00259 per share for FY2019 to reward shareholders. The dividend payment of approximately 20% of net profit attributable to shareholders, is subject to shareholders' approval at the upcoming Annual General Meeting to be held on 24 October 2019. Shareholders will have the option of receiving the dividend in scrip and/or cash.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, we would like to thank all members of the Group, as well as our late Chief Financial Officer, Mr. Terence Yap, for their dedication and commitment towards delivering value to all stakeholders. We would also like to thank our fellow Directors for their support and invaluable advice.

Last but not least, we would like to convey our appreciation to our customers, our business partners, and our shareholders for your continued support and confidence in our ambition to manage a sustainable business that is capable of generating higher value for the Group in the years ahead.

YIP WAH PUNG
Non-Executive Chairman
and Independent Director

LEE KECK KEONG
Chief Executive Officer
and Executive Director

CORPORATE STRUCTURE

UG HEALTHCARE CORPORATION

- **UG GLOBAL RESOURCES** *(Malaysia)* 100%
- **UG GLOVETECH** *(Malaysia)* 100%
- **NS UNIGLOVES** *(Malaysia)* 100%
- **UNIGLOVES SINGAPORE** *(Singapore)* 100%
  - **UNIGLOVES NIGERIA** *(Nigeria)* 75%
  - **UNIGLOVES USA** *(USA)* 50%
  - **UNIGLOVES SHANGHAI** *(PRC)* 100%
    - **UNIGLOVES BEIJING** *(PRC)* 50%
  - **UNIGLOVES UK** *(UK)* 55%
  - **UNIGLOVES GERMANY** *(Germany)* 19.3%
    - **UNIGLOVES ARZT** *(Germany)* 100%
      - **UNIGLOVES SERVICE & LOGISTIK** *(Germany)* 100%
  - **UGHC BRAZIL** *(Brazil)* 50%
  - **UGHC CHENGDU** *(PRC)* 100%
- **UGHC MARKETING** *(Singapore)* 100%

BUSINESS SEGMENTS

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 our end users in 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.

BUSINESS SEGMENTS

WE WILL LOOK INTO CONSTRUCTING NEW PRODUCTION LINES TO INCREASE OUR PRODUCTION CAPACITY BY ANOTHER 300 MILLION GLOVES PER ANNUM AT THE NEW PRODUCTION FACILITY, WHICH COULD BRING THE GROUP'S TOTAL CAPACITY TO 3.2 BILLION GLOVES PER ANNUM.

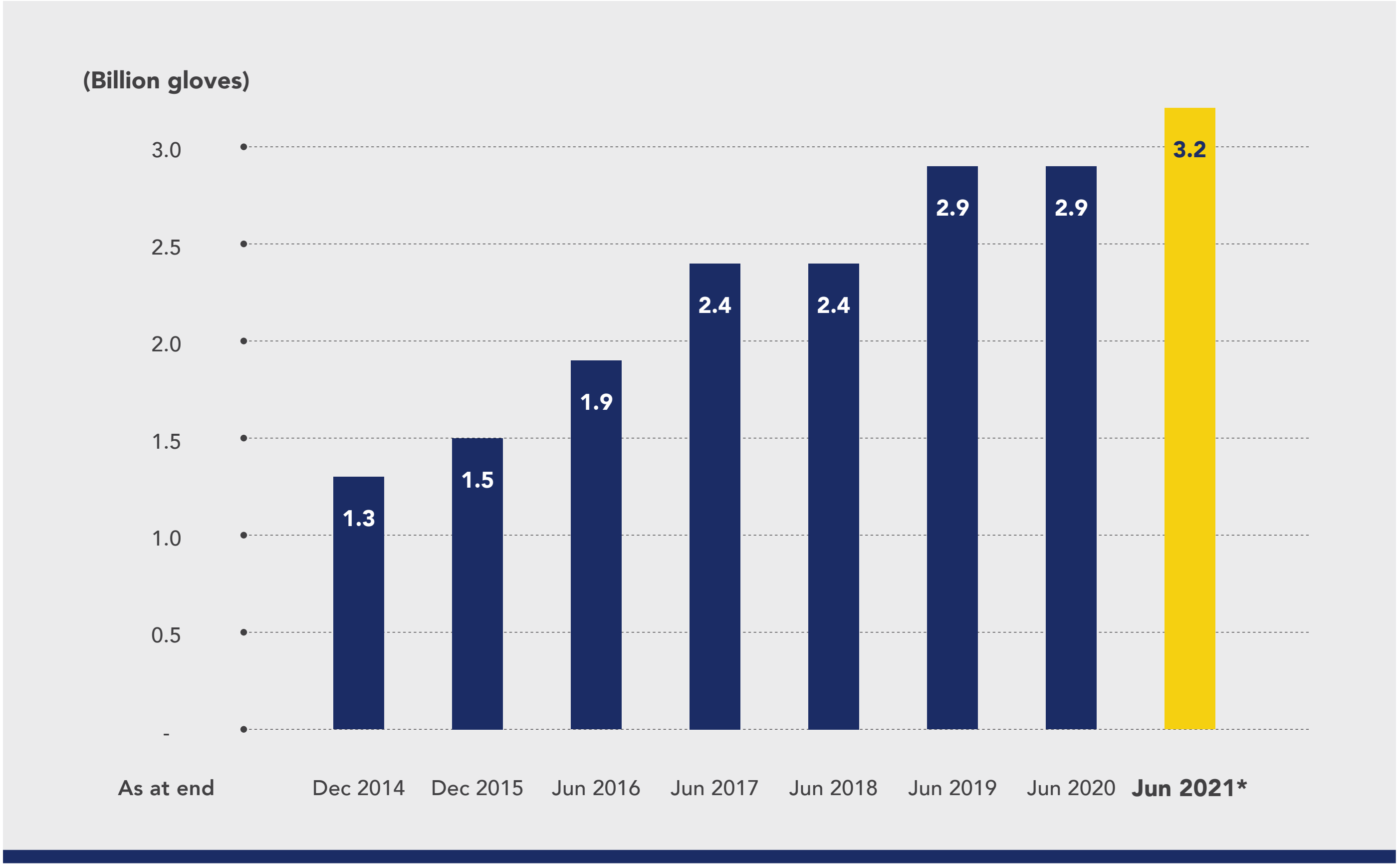
WE EXPECT THIS CAPACITY TO COME ON STREAM BY THE FINANCIAL YEAR ENDING 30 JUNE 2021.

MANUFACTURING CAPABILITIES

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

Phase 1 of the additional production capacity of 500 million gloves per annum has been in full commercialisation since January 2019, raising the Group's total capacity to 2.9 billion gloves per annum. This expansion also enables the Group to schedule major maintenance for some of our existing production lines.

We are delaying our plans slightly for the construction of new production lines to increase our production capacity by another 300 million gloves per annum ("**Phase 2**"), which could bring the Group's total capacity to 3.2 billion gloves per annum. We expect this capacity to come on stream by the financial year ending 30 June 2021 ("**FY2021**").



NOTES:

* Additional 300 million gloves per annum of Phase 2 is expected to come on stream by FY2021.

BUSINESS SEGMENTS

At UG Healthcare, 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 ("**MRB**") to produce Standard Malaysian Glove for export.

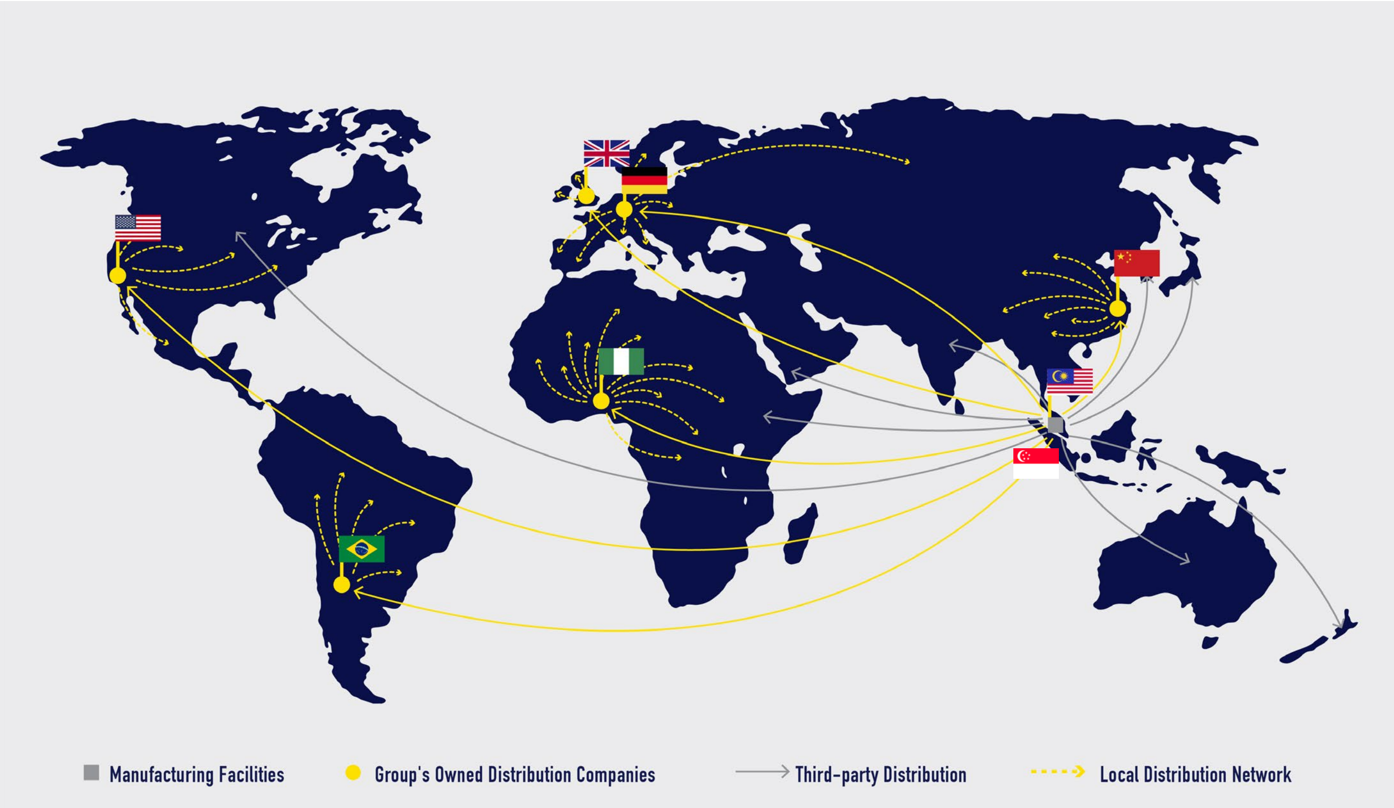
While expanding production capacity progressively, the Group is also upgrading our existing production lines and streamlining our broad product range concurrently, to improve operational efficiencies and technical enhancements to enable better utilisation of capacity and resources.

With the additional production lines in place, the Group is focused on raising production efficiency for our wide range of proprietary "Unigloves" brand of disposable gloves to cater to the demand and support the sales of our downstream distribution network.

DISTRIBUTION NETWORK

The Group owns and operates an extensive downstream distribution companies with a local presence in Europe, USA, China, Africa, and South America, where we market and sell our own proprietary "Unigloves" brand of disposable gloves to more than 50 countries globally. The Group also distributes ancillary products including surgical gloves, vinyl, and cleanroom disposable gloves, face masks and other medical disposables.

During FY2019, the Group expanded our distribution infrastructure with the acquisition of land and warehouse building in Brazil, where we are experiencing rapid growth, and established a distribution company in Chengdu, China to expand our market reach.



BUSINESS SEGMENTS

THROUGH OUR OWN DISTRIBUTION COMPANIES' MARKETING AND SALES TEAMS, WE ARE ABLE TO BETTER UNDERSTAND THE APPLICATIONS OF OUR DISPOSABLE GLOVES FOR OUR END USERS. THESE RESPONSES FROM END USERS CONSTANTLY MOTIVATE US TO IMPROVE ON OUR PROCESSES AND FORMULAE, TO CUSTOMISE QUALITY GLOVES FOR THEIR DAILY APPLICATIONS. **PROVIDING QUALITY PRODUCTS FOR OUR END USERS ARE OUR UTMOST PRIORITY.**

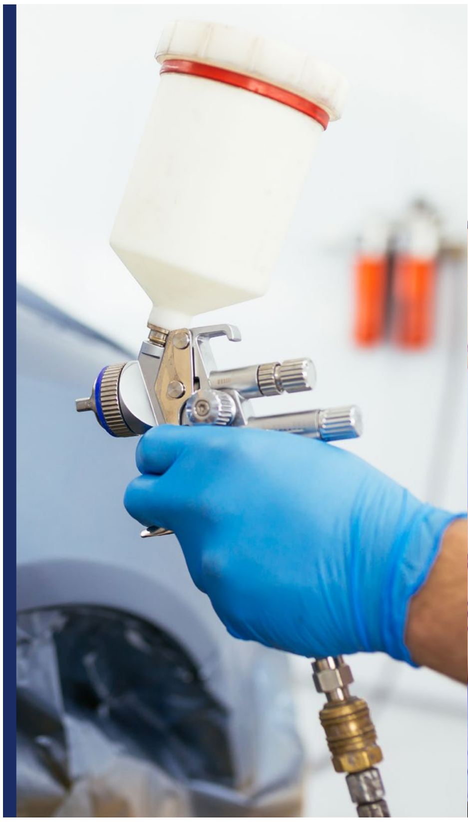
We constantly keep abreast of developments in technology and process improvements as well as developments in latex compounding formulations to attain certain desired properties and characteristics for the customisation of our products (own "Unigloves" brand and OEM brands).

OWN BRAND OF PRODUCTS

Our "Unigloves" brand of disposable gloves offers an extensive product range that includes both specialised products, amongst others, a variety of coatings, scents, colours, thickness, anti-microbial properties for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross infection protection and hygiene standards, cater to different applications and preferences.

Unigloves

Safety through quality



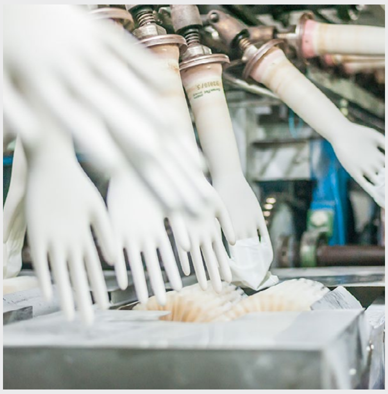
BUSINESS SEGMENTS

BUSINESS STRATEGY

The Group's strategy has always been to cultivate demand for our proprietary "Unigloves" range of disposable gloves through our downstream distribution companies. These strategically established distribution companies in both developed and developing countries have their local sales and marketing teams and distribution infrastructures (including local warehouses and logistics) as well as direct customer base. The market demand for our "Unigloves" range of products, in turn, drives the production volume in our upstream manufacturing facilities in Malaysia. This approach allows the Group to manage the value chain seamlessly and efficiently.

The Group will continue to drive marketing campaigns to promote our proprietary "Unigloves" brand of disposable gloves through our downstream distribution network. These campaigns will focus driving marketing and sales of our established distribution companies in our key markets of Europe, the US, China, Nigeria, and Brazil, where our distribution companies manage and operate their own local marketing & sales network as well as warehousing and logistics infrastructure.

UPSTREAM MANUFACTURING



Produces disposable gloves in own brands including "Unigloves" and sell through Group's own established distribution companies on various countries

increase efficiency and capacity

DOWNSTREAM DISTRIBUTION

Respective local distribution companies with own warehousing & logistics infrastructure and marketing teams that market and sell gloves and ancillary products through own distribution channels to customers

CUSTOMER BASE

Uses and applications of disposable gloves in various industries:

HEALTHCARE
- hospitals
- clinic (dental)
- nursing homes and hospices

MANUFACTURING
- automotive
- electronics

LIFE SCIENCES
- laboratories
- manufacturers

FOOD & BEVERAGE
- food processing companies

BEAUTY
- hair salons
- tattoo studios

market intelligence / responses from end users

FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE	2019	2018	2017
INCOME STATEMENT (S$'000)			
Revenue	91,712	78,060	65,239
Gross profit	18,716	12,764	9,666
Profit before tax	2,763	5,047	2,569
Profit attributable to owners of the Company	2,507	4,335	2,444
BALANCE SHEET (S$'000)			
Shareholders' equity	42,328	41,957	37,134
Total assets	99,089	85,184	66,241
Net asset value	43,364	41,874	37,059
Net tangible asset value	43,067	41,623	36,798
PER SHARE(1) (SINGAPORE CENTS)			
Basic earnings	1.30	2.26	1.28
Net asset value	22.43	21.87	19.36
Net tangible asset value	22.28	21.74	19.22
Dividends	0.259	0.235	-
FINANCIAL RATIOS			
Return on equity(2)	5.9%	11.0%	6.5%
Return on assets(3)	2.7%	5.7%	4.0%
Dividend payout ratio	20.0%	10.4%	-
Net gearing ratio(4)	79.1%	49.7%	41.3%

NOTES:

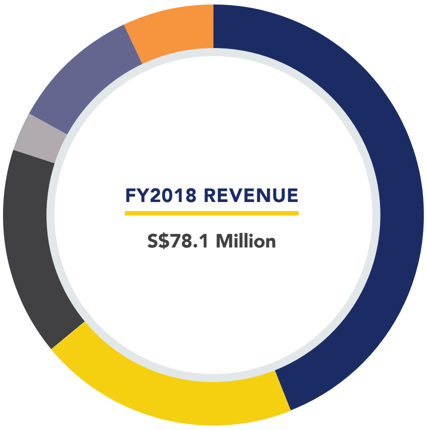
(1) Basic earnings per share, net asset value per share, net tangible asset per share and dividends per share were computed based on the share capital of 193,297,531 ordinary shares for FY2019 and 191,460,054 ordinary shares for FY2017 and FY2018.

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

(4) Net gearing ratio was computed based on total bank borrowings and derivative financial instruments less cash, as a percentage of shareholders' equity.

REVENUE BY GEOGRAPHICAL LOCATIONS



Europe **43.8%**
North America **19.6%**
South America **16.2%**
Africa **3.3%**
Asia **9.8%**
Others **7.3%**

Europe **46.5%**
North America **17.1%**
South America **17.8%**
Africa **4.1%**
Asia **9.3%**
Others **5.2%**

PERFORMANCE REVIEW

UG HEALTHCARE IS ON TRACK TO ACHIEVE HIGHER REVENUE AND IMPROVED EARNINGS IN THE COMING QUARTERS AS PRODUCTION EFFICIENCY CONTINUES TO INCREASE AND PRODUCTION CAPACITY STABILISES THROUGH ITS DISTRIBUTION NETWORK.

THE GROUP CONTINUES TO DRIVE REVENUE GROWTH IN FY2019 TO ANOTHER RECORD HIGH OF S$91.7 MILLION AND ENHANCE ITS GROSS MARGIN TO 20% WITH HIGHER PRODUCTION EFFICIENCY AND A STRENGTHENED DOWNSTREAM DISTRIBUTION NETWORK.

The ongoing trade dispute between the United States and China, the risk of Brexit, geopolitical uncertainties, fluctuations in raw material prices and currencies, and inflationary costs, continue to pose challenges in the business environment.

During the financial year under review, the additional annual capacity of 500 million gloves per annum from the new production facility ("**Phase 1**") achieved full commercialisation at end January 2019. The slight delay from the initial planned timing of October 2018 was due to the finetuning of the new production lines, which coincided with scheduled major maintenance of some existing production lines that led to lower overall productivity in the first half of the financial year.

The Group took priority in raising production efficiency and strengthening its downstream distribution, particularly in Brazil, China, Europe, and Africa, with slight delay in constructing new production lines to raise annual capacity by another 300 million gloves ("**Phase 2**") to 3.2 billion gloves per annum. Phase 2 will be carried out in the financial year ending 30 June 2021, while the Group stabilises the higher volume of gloves produced from the addition of Phase 1, which are sold through its integrated supply chain[1].

REVENUE ANALYSIS BY GEOGRAPHICAL LOCATION

FYE 30 JUNE (S$'000)	FY2019	FY2018	INCREASE / (DECREASE)
Europe	**42,607**	34,192	+ 24.6%
North America	**15,678**	15,279	+ 2.6%
South America	**16,301**	12,640	+ 29.0%
Africa	**3,835**	2,573	+ 49.0%
Asia	**8,558**	7,683	+ 11.4%
Others	**4,733**	5,693	- 16.9%
Total	**91,712**	78,060	+ 17.5%

The additional capacity from Phase 1, together with the expanded distribution network drove the Group's revenue up by 17.5%, from S$78.1 million for the financial year ended 30 June 2018 ("**FY2018**") to S$91.7 million for the financial year ended 30 June 2019 (**"FY2019**").

1 As a result of the integrated supply chain, the Group recognises sales only after the products have been sold by the distribution companies. The goods in transit and in the warehouses of its distribution companies are recorded as inventory, and can only be recognised as revenue when they are sold to end consumers.

PERFORMANCE REVIEW

PRODUCT SEGMENT ANALYSIS

FYE 30 JUNE (S$'000)	REVENUE		GROSS PROFIT		GROSS PROFIT MARGIN	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Latex examination gloves	**47,272**	41,905	**9,667**	6,796	**20.4%**	16.2%
Nitrile examination gloves	**38,624**	30,679	**8,277**	5,255	**21.4%**	17.1%
Other ancillary products	**5,816**	5,476	**772**	713	**13.3%**	13.0%
Total	**91,712**	78,060	**18,716**	12,764	**20.4%**	16.4%

The increase in manufacturing capacity lifted overall production efficiency and economies of scale, which saw gross profit increase by 46.1% from S$12.8 million in FY2018 to S$18.7 million in FY2019, and gross profit margin increased from 16.4% in FY2018 to 20.4% in FY2019.

Other income decreased by 57.1% from S$4.2 million in FY2018 to S$1.8 million in FY2019, due to lower realised and unrealised foreign exchange gain amounting to S$3.3 million as the Malaysia Ringgit remained fairly stable against the US dollar, which was offset by the fair value gain on financial derivative amounting to S$0.7 million.

Total operating expenses increased 41.1% from S$10.7 million in FY2018 to S$15.1 million in FY2019. The significant increase was mainly due to the expansion of both the Group's manufacturing operations in Malaysia and its distribution networks, particularly in Brazil, United Kingdom, China, and Nigeria, which saw higher marketing and distribution expenses, as well as higher administrative expenses with increases in personnel across all departments.

Other expenses increased from S$1.2 million in FY2018 to S$1.8 million in FY2019, due to unrealised foreign exchange losses amounting to S$1.5 million as the British pound sterling and Renminbi depreciated against the US dollar during the financial period. This was offset by the absence of fair value loss on financial derivative of S$1.1 million reported in FY2018.

The increased utilisation of trade facilities and the term loan to finance the construction of the new production facility doubled finance costs from S$0.8 million in FY2018 to S$1.6 million in FY2019.

Share of profits from associates increased slightly from S$0.6 million in FY2018 to S$0.7 million in FY2019, due to higher profits reported by its German and US associates.

After taking into account the tax expenses and minority interests, the Group's net profit attributable to shareholders declined by 42.2% from S$4.3 million in FY2018 to S$2.5 million in FY2019.

PERFORMANCE REVIEW

FINANCIAL POSITION

The Group's equity increased by 3.3% from S$41.9 million as at 30 June 2018 to S$43.3 million as at 30 June 2019.

Non-current assets increased by 24.3% from S$30 million as at 30 June 2018 to S$37.3 million as 30 June 2019. This was mainly due to the acquisition of property, plant and equipment of S$8.0 million for the new warehouse in Brazil and new production lines in Malaysia, which was offset by decrease in associates of S$1.3 million arising from dividend paid out by the German associated company.

Current assets increased by 11.9% from S$55.2 million as at 30 June 2018 to S$61.8 million as at 30 June 2019. This was mainly due to the 40.2% increase in inventories to S$31.0 million, as the Group stocked up on its glove products in its own overseas distribution companies, which was offset by (i) the decrease in trade and other receivables of 4.4% to S$24.0 million, and (ii) the decrease in cash and bank balances of 26.9% to S$4.9 million.

The Group's non-current liabilities was higher at S$9.3 million as at 30 June 2019. This was due to the drawdown of term loan facilities for the Group's construction of the new production lines in Malaysia as well as an increase in deferred tax liabilities.

Current liabilities increased by 30.0% to S$46.4 million as at 30 June 2019. This was mainly due to (i) the increase of S$10.8 million in bank borrowings arising from the increase utilisation of trade facilities and term loan for the construction of the new production facility, and (ii) the increase of S$0.6 million in trade and other payables from the increase in raw materials purchased, which was partially offset by the absence in derivative financial liabilities as the Group managed to hedge its foreign exchange risk.

CASH FLOW

The Group's net cash used in operations in FY2019 was S$6.3 million. This comprised positive operating cash flows before changes in working capital of S$3.5 million, adjusted by net working capital outflow of S$7.6 million, and interest and taxes paid of S$1.7 million and S$0.5 million, respectively. The net working capital outflow was mainly due to the increase in inventories of S$9.2 million, which was partially offset by the decrease in trade and other receivables and the increase in trade and other payables of S$1.1 million and S$0.6 million, respectively.

Net cash used in investing activities was S$6.9 million in FY2019. This was mainly due to the purchase of property, plant and equipment.

Net cash from financing activities amounted to S$11.4 million during the financial year. This was due to the drawdown of borrowings from the term loan for the acquisition of warehouse in Brazil and construction of new production lines, as well as trade facilities, which amounted to S$81.2 million. This was partially offset by the repayment of trade financing of S$69.7 million and the payment of cash dividend of S$0.1 million.

BOARD OF DIRECTORS

MR. YIP WAH PUNG

Non-Executive Chairman and Independent Director

Mr. Yip Wah Pung is the Non-Executive Chairman and Independent Director of the Company, 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 last 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 Executive Director and Chief Executive Officer of the Company. He is 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 since he co-founded the Group in the late 1980s. 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 and Finance 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 25 October 2017. In addition to his role as Executive Director, Mr. Lee Jun Yih was appointed as Finance Director with effect from 8 August 2019.

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. He will also be responsible for the oversight and control of the Group's overall accounting and finance function, including monitoring and coordinating the Group's financial accounts, consolidation and financial reporting.

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

He 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 24 October 2018.

He is responsible for oversight and management of the Group's manufacturing and operations department, and spearheads 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. He 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 last re-elected on 24 October 2018.

He 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 ad 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 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 last re-elected on 25 October 2017.

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 practicing 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. He is currently an equity partner in Rajah & Tann Singapore LLP 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 an independent director of Kimly Limited, Stamford Land Corporation Ltd, and Choo Chiang Holdings Ltd., which are listed on the SGX-ST. He also serves on the board of trustees of Domestic Employees Welfare Fund, a charity established by NTUC to help distressed domestic employees.

MR. NG LIP CHI, LAWRENCE

Independent 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 last re-elected on 24 October 2018.

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 multinational 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 an independent director of Sanli Environmental Limited listed on the SGX-ST.

KEY MANAGEMENT

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.

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors (the "**Board**") of UG Healthcare Corporation Limited ("**UG Healthcare**" or the "**Company**", and together with its subsidiaries (the "**Group**")), oversees the management and monitoring of the economic, environmental, social, and governance ("**EESG**") factors and takes them into consideration in the determination of the Group's strategic direction, policies and practices.

We are committed to our stakeholders, particularly, our employees, our business partners, and our customers who are the users of our disposable gloves and ancillary products. The Group's strategy to manage and operate an integrated supply chain that comprises both upstream manufacturing and downstream distribution through building our proprietary brand of products, enables us to establish quality control process standards for the products produced and sold by us.

Our upstream manufacturing is certified to internationally recognised standards of ISO 9001 and ISO 13485, and we are also certified by the Malaysian Rubber Board to produce Standard Malaysian Glove for export. Our proprietary brands of products continue to conform to various international standards and requirements, including the ASTM International (formerly known as American Society for Testing and Materials), European standard for medical gloves ("**EN455**") and Acceptance Quality Level requirements under the Food and Drug Administration ("**USFDA**").

The Group has always kept in mind our motivation for starting with both upstream manufacturing and downstream distribution businesses concurrently, while building our proprietary brands of products. We will continue to introduce our quality products with customised industry applications, to both developed and developing countries as the protective gear for hygiene and protection.

This sustainability report is prepared with reference to the guidelines of the Global Reporting Initiative ("**GRI**") Standards and in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). The report also makes references to the guidance set out in SGX-ST's Sustainability Reporting Guide under Practice Note 7F of the Catalist Rules. We have chosen the GRI framework as it is a globally-recognised sustainability reporting standard.

This sustainability report is focused on our sustainability approach, initiatives, and performance with regards to the Group's upstream manufacturing operations in Seremban, Malaysia throughout the 12-month period, from 1 July 2018 to 30 June 2019 ("**FY2019**"). The Group adopts the precautionary principle to minimise negative effects of conducting its business whenever feasible. Taking into consideration the expansion of production capacity by 500 million gloves per annum in the year under review, the Group will require time to collect data to better reflect and set meaningful targets for the identified material factors under normal operational circumstances.

The Group intends to expand the scope of our sustainability report in the future to also include sustainability practices with respect to our downstream distribution operations in the countries where the Group has a presense.

No external assurance was sought for this report.

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us through our investor relations email at ir@ughcc.com.

SUSTAINABILITY REPORT

SUSTAINABILITY APPROACH

The Group takes a strategic and comprehensive approach towards sustainability as we acknowledge the importance of effective EESG strategy and management across the business operations. Any key issues relating to the sustainability framework will be raised by the Sustainability Committee during board meetings, where the Board will review and deliberate on the sustainability issues. The Sustainability Committee is led by key management executives and supported by representatives from various departments in the Group.

The Board approves the Group's general policies and strategies including those relating to sustainability. The Sustainability Committee reports to the Board and is responsible for reviewing the Group's sustainability performance, material topics, stakeholder concerns, the setting of targets for material topics, and establishing systems to collect, verify, and monitor information required for the sustainability reports.

BOARD OF DIRECTORS	Review and consider sustainability issues, as well as approve general policies and strategies.
SUSTAINABILITY COMMITTEE	Review sustainability performance, material topics, stakeholder concerns, sets targets and goals for information required for sustainability reports.
SUSTAINABILITY TEAM LEADERS	Implementation of systems and practices throughout the organisation to archieve goals for the identified material topics.

We are focused on generating stable and sustainable value for our stakeholders by managing the impact of EESG factors, as well as the risks and opportunities present in our businesses.

SUSTAINABILITY REPORT

STAKEHOLDERS AND ENGAGEMENT PLATFORMS

The Group's sustainable growth and stable long-term return will require our constant engagement with our stakeholders. As the Group continues to grow and pursue growth opportunities, we will also carry on with our sustainability journey by focusing on improving our disclosures on EESG practices as well as progressively including the targets that are material to our business.

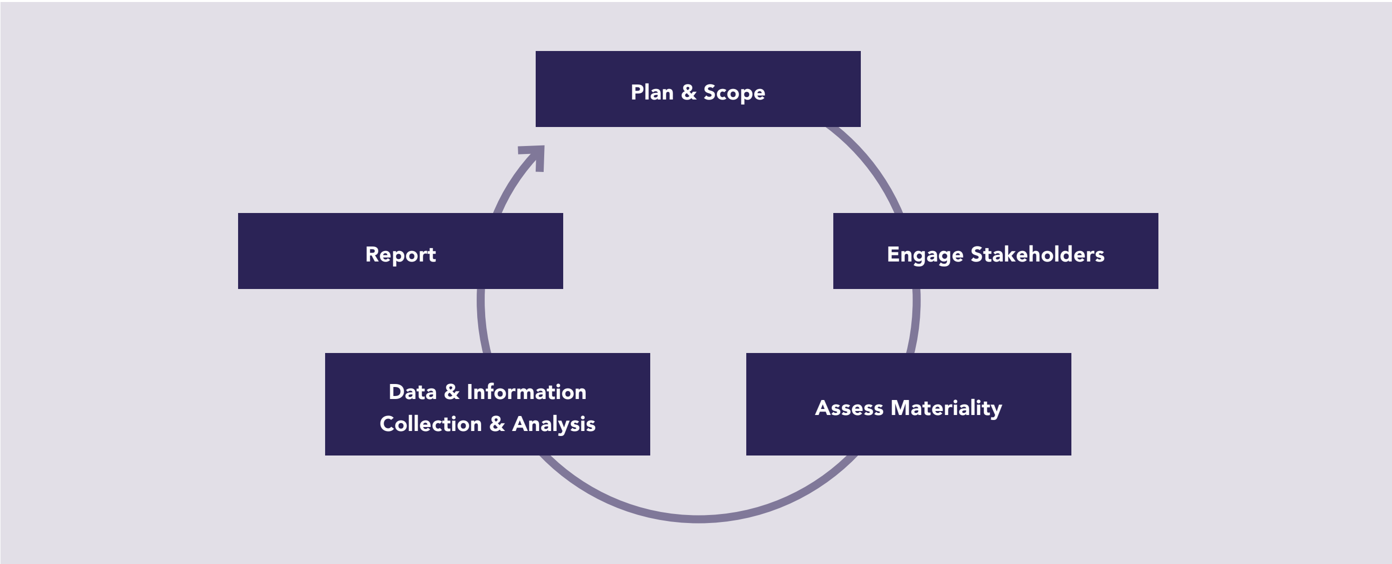
Our engagements with our key stakeholders are summarised below:

Our Stakeholders	Stakeholders' Expectations	Mode of Engagement	Our Initiatives
Customers	• Quality control • On-time delivery and services • Technical support • Reasonable payment terms • Competitive pricing	– Regular customer feedback management (survey, face-to-face meetings) – Regular follow-up (calls, face-to-face meetings) – Electronic communications	• ISO 9001 and ISO 13485 certification to assure a consistent level of quality in products and services • Active follow-up on customers' needs and product applications • Regular internal meetings to review customers' fulfilment and new requirements • Update customers on new products • Provide timely feedback to customers • Ensure all relevant requirements and standards are met for all products manufactured and sold
Employees	• Career growth • Training opportunities • Competitive salaries and incentives • A pleasant and safe working environment	– Regular internal communications – Regular review of working environment and welfare – Training & development programmes – Employee feedback	• Ensure effective implementation of internal systems and policies • Regular internal meetings to review health and safety issues • Sponsor employees to attend courses and conferences • Annual review on performance
Shareholders & Investors	• Higher financial returns • Industry conditions and prospects • Market presence • Profitability • Transparency & corporate governance	– Announcements on SGXNET – Annual General Meeting – Investor roadshows and meetings – Electronic communications through investor relations – Annual reports – Company website	• Ensure all public disclosures on corporate results and developments are disclosed accurately and timely via announcements as and when required • Half-yearly meetings with analysts and investment community to update on corporate developments • Ensure sustainable business growth
Government & Regulators	• Regulatory compliance • Occupational health & safety • Environmental issues • Social issues	– Meetings – Electronic communications – Announcements on SGXNET	• Ensure compliance with applicable laws • Meetings with relevant authorities as and when necessary • Consistent update on relevant law and regulations through seminars and training

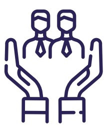
SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

The Board and the management conducted an evaluation of the Group's risk and investment strategies in accordance with the Materiality Determination Process Tools as listed in the Sustainability Reporting Guide, Practice Note 7F of the Catalist Rules. The assessment was to identify the economic, environmental, social and governance risks and opportunities that could have a positive and/or negative impact on the Group's businesses.



The material topics below show the most relevant concerns for the Group that were identified in the internal materiality analysis. As the Group stabilises the additional production capacity in our upstream manufacturing, which flows through our integrated supply chain, we will look into sharing more information on performance and targets in our subsequent reports.

Focus Area	Material Topics
 **Compliance**	• Corporate Governance • Socioeconomic Compliance • Data Privacy
 **Economic Performance**	• Economic Performance • Anti-corruption
 **Building Customer Success**	• Customer Management
 **Care for Employees**	• Employee Welfare • Diversity and Equal Opportunity • Occupational Health and Safety

SUSTAINABILITY REPORT

KEY MATERIAL TOPICS

COMPLIANCE

Corporate Governance
The Group recognises the importance of observing a high standard of corporate governance and transparency in ensuring the sustainability of our businesses and safeguarding our stakeholders' interests and value for the long term.

We are committed to upholding best practices in corporate transparency and disclosures, and we have in place a set of procedures and policies governing our compliance with applicable legislation and adherence to our risk management guidelines.

We complied with the principles and guidelines set out in the Code of Corporate Governance 2012, where appropriate. Our corporate governance report can be found on pages 23-47 of the annual report.

Socioeconomic Compliance
The Group operates our businesses in compliance with the relevant social and economic laws and regulations through regular internal checks and balances. Compliance with legislative requirements is a minimum standard that should be achieved whilst also striving to perform beyond these requirements where possible. Our global footprint in countries outside Malaysia has heightened our proactivity in identifying and addressing a broader range of social issues, risks and impact.

We are committed to conducting our business with integrity and safeguarding the interest of all stakeholders.

Data Privacy
We are committed to complying with the Personal Data Protection Act and all relevant legislation. We have systems and procedures in place to protect information related to our employees and customers.

We will continue to stay vigilant and observe compliance with all applicable laws and regulations to maintain our record of nil incidents of non-compliance.

ECONOMIC PERFORMANCE

Economic Performance
The Group seeks to achieve sustainable growth through strengthening our two core business segments: (i) upstream manufacturing, and (ii) downstream distribution, while we continue to raise market awareness for our broad range of disposable glove products under distinguished proprietary brand names, particularly with the commercialisation of the additional production capacity of 500 million gloves per annum.

As the Group took priority in raising production efficiency and strengthening our downstream distribution, particularly in Brazil, China, Europe, and Africa, in the second half of FY2019, we also saw revenue continue to increase. The additional production capacity, together with the expanded distribution network drove the Group's revenue up by 17.5%, from S$78.1 million for the financial year ended 30 June 2018 ("**FY2018**") to S$91.7 million for the financial year ended 30 June 2019 ("**FY2019**"). The improvement in overall production efficiency and economies of scale, lifted gross profit by 46.6% from S$12.8 million in FY2018 to S$18.7 million in FY2019, and gross profit margin increased from 16.4% in FY2018 to 20.4% in FY2019. Due to the expansion efforts, the Group had also recorded higher operating expenses in the year under review, this led to a decrease of 42.2% in net profit attributable to owners of the Company from S$4.3 million in FY2018 to S$2.5 million in FY2019.

For our Group's detailed financial performance, please refer to the Performance Review, Financial Statements, and Notes to Financial Statements found on pages 11-13 and 57-121 of the annual report.

SUSTAINABILITY REPORT

We are well-placed to improve our revenue, especially in the developing countries such as South America, Africa, and China as improving healthcare regulations and increasing awareness will continue to drive demand for our quality disposable glove products with diverse industry applications.

We believe that we are on track to achieve better margins and improved earnings in the coming quarters as we continue to raise production efficiency and volume, market and sell our proprietary brands of gloves throughout our own distribution network in key markets.

Anti-corruption

At UG Healthcare, we conduct our business with integrity and transparency with no compromise on corruption. The Group has zero-tolerance for fraudulent and corrupt practices that may disrupt business operations and impede the growth of the business.

The Group adopts several policies such as the Conduct and Discipline Policy, the Conflict of Interest Policy, and the Whistle-Blowing Policy, to prevent, govern and facilitate the reporting of any illegal and/or unethical practices in the organisation.

No whistle-blowing reports were received for FY2019 in respect of its upstream manufacturing operations.

BUILDING CUSTOMER SUCCESS

Customer Management

The Group believes the success of our businesses is inherently intertwined with the success of our customers. At UG Healthcare, we are committed to empathise with glove users on their requirements and applications for single-use gloves in their respective industries. We aim to create better comfort and achieve better protection for our glove users, who need to wear disposable gloves to perform duties and responsibilities in their respective professions.

Through market intelligence and feedback from the Group's downstream distribution companies, who have direct interaction with glove users, the Group is constantly researching and innovating glove products to cater to the evolving requirements of glove users.

CARE FOR OUR EMPLOYEES

Employee Welfare

The Group views our employees as the lifeline of our organisation. We believe Human Capital Management is essential to increase the values of our employees who contribute to the success of our businesses. As the organisation grows, particularly with the increase in production capacity, we have to complement the growth by increasing our personnel across all departments to support the expansion.

The Group has in place our staff handbook and human resources manual that adhere to the legislation and guidelines in the country of operations. Discretionary incentives are granted to eligible employees based on their performance and contributions to the Group. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the industry. This helps the Group in our recruitment and retention of talent.

Diversity and Equal Opportunity

At UG Healthcare, we do not discriminate our employees or potential recruits according to their race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality. As of 30 June 2019, we have more than 900 employees in our upstream manufacturing operations and corporate office.

Occupational Health and Safety

The Group is committed to providing a healthy and safe working environment for our people. Our approach to safety focuses on creating a culture which requires all members of our workforce to be leaders in creating a safe work environment. We seek to identify and manage occupational exposure risks, minimise occurrences of occupational illness and promote healthy lifestyles.

CORPORATE GOVERNANCE REPORT

UG Healthcare Corporation Limited ("**UG Healthcare**" or the "**Company**", and together with its subsidiaries (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.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "**2018 Code**") and an accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and applies to annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structure in place to comply with the 2018 Code, where appropriate, in its next annual report for the financial year ending 30 June 2020.

This report describes the Group's corporate governance practices that were in place with specific reference to the principles of the Code throughout the financial year ended 30 June 2019 ("**FY2019**").

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 and Finance 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

CORPORATE GOVERNANCE REPORT

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. The Board will meet at least four times a year and as warranted by particular circumstances. 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 FY2019

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**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**
Yip Wah Pung	4	4	4	4	1	1	1	1
Lee Keck Keong	4	4	4	4(2)	1	1	1	1(2)
Lee Jun Yih	4	4	4	4(2)	1	1(2)	1	1(2)
Wong See Keong	4	4	4	4(2)	1	1(2)	1	1(2)
Lee Jun Linn	4	4	4	4(2)	1	1(2)	1	1(2)
Danny Lim	4	4	4	4	1	1	1	1
Lawrence Ng	4	4	4	4	1	1	1	1

(1) Represents the number of meetings held as applicable to each individual director.
(2) Attendance at meetings on a "By Invitation" basis.

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;

CORPORATE GOVERNANCE REPORT

- 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 and meeting up with key management personnel, 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. 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.

In accordance with recent revisions to Catalist Rules, with effect from 1 January 2019, the NC will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST. No new directors were appointed during FY2019.

Briefings and updates provided for Directors in FY2019

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 as well as updates on the Code, 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.

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.

CORPORATE GOVERNANCE REPORT

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 more than 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.

Mr Lee Keck Keong is the CEO and Executive Director of the Company. 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.

CORPORATE GOVERNANCE REPORT

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 more than 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;

CORPORATE GOVERNANCE REPORT

– 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.

In accordance to the recent revisions to the Catalist Rules, Catalist Rule 406(3)(d)(i) and 406(3)(d)(iii) which took effect on 1 January 2019 stipulates that a director will not be considered as independent if (i) he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or (ii) he has an immediate family member who is employed or has been employed by the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationship with the Company or any of its related corporations for the current or any of the past three financial years, and they also do not have any relationship with the Company, its related corporations, its subtantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

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 director of Stamford Land Corporation Limited, a company listed on the Main Board of the SGX-ST as well as Kimly Limited and Choo Chiang Holdings Ltd., which are 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.

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

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.

Pursuant to Rule 720(4) of the Catalist Rules, the Company must have all Directors submit themselves for re-nomination and re-appointment at least once every three years. Regulation 104 of the Company's Constitution also 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 Yip Wah Pung and Mr Lee Keck Keong shall retire at the Company's forthcoming AGM and shall be eligible for re-election.

The NC is satisfied that Mr Yip Wah Pung and Mr Lee Keck Keong, 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.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the retiring directors as at the date of this report, set out in Appendix 7F of the Catalist Rules are described in the table below and to be read in conjunction with their respective profiles under the "Board Of Directors" section of this annual report.

Name of Person	**Yip Wah Pung**	**Lee Keck Keong**
Date of Appointment	20 November 2014	Appointed to the Board on 20 November 2014 and re-designated from Non-Executive Director to Executive Director and Chief Executive Officer on 19 October 2016
Date of last re-appointment (if applicable)	19 October 2016	19 October 2016
Age	66	65
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Not Applicable	Not Applicable
Whether appointment is executive, and if so, the area of responsibility	Not Applicable	Mr Lee Keck Keong oversees: (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 (iii) the Group's overall business development

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Name of Person	Yip Wah Pung	Lee Keck Keong
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive Chairman and Independent Director. • Chairman of Audit Committee • Member of Nominating Committee • Member of Remuneration Committee	• Executive Director and Chief Executive Officer. • Member of Nominating Committee
Professional qualifications	(i) A member of the Malaysian Institute of Accountants (ii) A member of the Association of Chartered Certified Accountants (iii) A member of the Malaysian Institute of Chartered Secretaries and Administrators (iv) A member of the Chartered Tax Institute of Malaysia	NIL
Working experience and occupation(s) during the past 10 years	Mr Yip Wah Pung is currently a partner is his own audit firm, W.P. Yip & Co since 1994. The audit firm is principally engaged in the provision of tax and audit services.	Mr Lee Keck Keong ("**Mr Lee**") was the co-founder of the Group and took charge of the development of the Group's business. Following the listing of the Company, Mr Lee has been the Non-Executive Director of the Company taking charge in charting the strategic direction of the Group's development.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Deemed interested in 120,368,643 shares through Zen UG Pte. Ltd. and Raydion Direct Global Inc, representing 62.27% shareholdings of the Company.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Mr Lee Keck Keong is the father of the Executive Directors of the Company, Mr Lee Jun Yih and Mr Lee Jun Linn. Mr Lee Keck Keong is also the spouse of a substantial shareholder of the Company, Madam Sim Ai Cheng.
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Other Principal Commitments* Including Directorships#
*** "Principal Commitments" has the same meaning as defined in the Code.**
 # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)

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Name of Person	Yip Wah Pung	Lee Keck Keong
Past (for the last 5 years)	Nil	1. Asli Permai Sdn. Bhd. 2. Crest Energy Sdn. Bhd. 3. Effective Potential Sdn. Bhd. 4. Gantang Prestasi Sdn. Bhd. 5. Giant Empire Sdn. Bhd. 6. Jari Manis Sdn. Bhd. 7. Perniagaan Jaswira Sdn. Bhd. 8. Sure Reliance Sdn. Bhd. 9. Tupai Engineering Sdn. Bhd. 10. UG Development Sdn. Bhd. 11. Ling Wah Press Sdn. Bhd. 12. Metro Angkasa Sdn. Bhd. 13. Syarikat Halezam Sdn. Bhd. 14. Mazly Realty Sdn. Bhd.
Present	W.P. Yip & Co	1. N.S. Uni-Gloves Sdn. Bhd. 2. UG Global Resources Sdn. Bhd. 3. UG Glovetech Sdn. Bhd. 4. Shanghai Full-10 International Trading Co., Ltd. 5. Unigloves (UK) Limited 6. Anvest Corporation Sdn. Bhd. 7. Vector Acres Sdn. Bhd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

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Name of Person	Yip Wah Pung	Lee Keck Keong
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

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Name of Person	Yip Wah Pung	Lee Keck Keong
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Disclosure applicable to the appointment of Director only.

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Name of Person	Yip Wah Pung	Lee Keck Keong
Any prior experience as a director of an issuer listed on the Exchange?	This relates to re-appointment of Director.	This relates to re-appointment of Director.
If yes, please provide details of prior experience.	Not Applicable	Not Applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable	Not Applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable

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 Directors' shareholding in the Company can be found on page 48.

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.

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

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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 FY2019, 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 or her representative 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.

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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

– 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;

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- 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; and

- 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 2019, the share options granted are outstanding and have not been exercised. There was no further grant of share options during the financial year.

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 and subsidiary holdings) from time to time. During FY2019, 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 FY2019.

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.

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.

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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, 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 FY2019.

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 FY2019:

Remuneration Band and Name of Director	Salary %	Bonus %	Fees %	Other Benefits %	Total %
Up to S$250,000					
Mr Lee Keck Keong	92	–	–	8	100
Mr Wong See Keong	66	23	–	11	100
Mr Lee Jun Yih	97	–	–	3	100
Mr Lee Jun Linn	96	–	–	4	100
Mr Yip Wah Pung	–	–	100	–	100
Mr Danny Lim	–	–	100	–	100
Mr Lawrence Ng	–	–	100	–	100

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 FY2019:

Remuneration Band and Name of Key Executive	Salary %	Bonus %	Fees %	Other Benefits %	Total %
Up to S$250,000					
Mr Wong Pek Wee	66	23	–	11	100
Mr Terence Yap Seng Keong*	63	27	–	10	100
Mr Ang Beng Chee	69	28	–	3	100

* Mr Terence Yap Seng Keong had passed away on 29 October 2018.

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)	249,794

There was no employee who is an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 in FY2019.

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

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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 Finance Director 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 FY2019 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 Finance Director</u>

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

(a) The financial records of the Group have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and

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(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 financial, operational, compliance and information technology risks.

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

<u>Opinion on the adequacy and effectiveness of the risk management and internal control systems</u>

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 Finance Director, 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 2019.

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;

CORPORATE GOVERNANCE REPORT

- 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.

Summary of the AC's activities

The AC met four times during FY2019. Details of members and their attendance at meetings are provided on page 24 of the Annual Report. 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.

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 FY2019, the AC discussed with management, the Finance Director 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 2019 on pages 53 to 54 of the Annual Report.

In assessing each KAM, the AC took into consideration the approach and methodology applied, as well as the reasonableness of the estimates and key assumptions used. The AC concluded that management's accounting treatment and estimates in each of the KAMs were appropriate.

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

CORPORATE GOVERNANCE REPORT

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 FY2019 are S$169,000 for audit fees and S$46,000 for non-audit fees relating to the provision of tax compliance services, respectively. The Company has complied with Rule 712 and Rule 716 of the Catalist Rules in the appointment of its auditor.

Internal audit

During FY2019, 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.

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.

No whistle-blowing incidents was reported during FY2019.

CORPORATE GOVERNANCE REPORT

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,

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.

CORPORATE GOVERNANCE REPORT

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 of 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.

The Board has proposed a first and final dividend one tier tax-exempt of S$0.00259 per share, amounting in aggregate to approximately 20% of net profit after tax attributable to owners of the Company for FY2019, which is subject to shareholders' approval at the forthcoming AGM. The Group continues to conserve cash for embarkation of 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 2019 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 2019 and the statement of financial position and statement of changes in equity of the Company as at 30 June 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the 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 2019 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	–	–	118,890,377	120,368,643
Lee Jun Yih	902,655	913,878	118,890,377	120,368,643
Lee Jun Linn	703,417	712,163	118,890,377	120,368,643
Wong See Keong	9,323,697	9,439,626	–	–

The directors' interests in the shares of the Company on 21 July 2019 were the same as at 30 June 2019.

DIRECTORS' STATEMENT

5. SHARE OPTIONS

On 28 August 2015 (the "Date of Grant"), a batch of 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 options are vested equally over three (3) years with first year of vesting being after two (2) years from the date of grant, the options are exercisable upon vesting. 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.

The exercise price of the options can be set at a discount of 20% to the average of the last-dealt price for a share for the five (5) consecutive trading days immediately preceding the date of grant of the options.

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 1.7.2018	Granted	Exercised	At 30.6.2019
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.

Save as disclosed above, there were no other grants of such options since and during the financial year 2019.

6. PERFORMANCE SHARE PLAN

There were no awards granted under the Unigloves 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 Unigloves 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.

DIRECTORS' STATEMENT

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

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;

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	**Lee Jun Yih**
Director	Director

Singapore
27 September 2019

INDEPENDENT AUDITORS' REPORT

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 2019, 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.

In our opinion, the accompanying 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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 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 for 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 for our opinion.

Overview

- Audit Approach

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

- Materiality

  As in all our audits, we exercised our professional judgment 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.

- Scope of audit

  For the audit of the current year's financial statements, we identified 6 significant components which required a full scope audit and specific audit procedures of their information, either because of their size or/and their risk characteristics.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Overview (Continued)

- Scope of audit (Continued)

  The significant components were audited by Crowe Malaysia PLT, Kreston Reeves LLP and overseas member firms of Mazars LLP, 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 the significant components, including the finance director, 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.

- Area of focus

  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.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters

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 2019, the Group recorded inventories of S$31.0 million. Inventories are 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 were 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: • Performed observation of inventory count at year end for its major operating subsidiaries. • Assessed costing of closing inventories determined by management using standard costing method to ascertain that the standard costs approximate actual costs. • Assessed net realisable value of closing inventories that was determined by management to ascertain that inventories were carried at lower of cost and 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 the inventory turnover days and performed a specific review on those slow moving and obsolete inventories.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Matter	Audit response
Allowance for trade receivables *Refer to Note 3.2 for key sources of estimation uncertainty and Note 17 (Trade receivables) for disclosures note.*	
As at 30 June 2019, the Group recorded trade receivables of S$19.5 million under current assets. Consequent to the adoption of SFRS(I) 9, the Group used an allowance matrix to estimate expected credit losses for trade receivables. The expected credit losses rates were based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that were assessed through an age analysis and by geographical locations, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. As the determination of the expected credit losses requires significant judgement of management and in consideration of the significance of trade receivables in the Group, we consider management's assessment and application of SFRS(I) 9 to the impairment of trade receivables as a key audit matter.	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. • Assessed expected credit losses based on the ratio of historical actual credit losses against trade receivables for the past 3 financial years and management's assumptions on forward looking factors affecting the recoverability of the trade receivables. • Reviewed ageing profile of the receivables and verified to subsequent collections from the receivables to the bank statements. • Reviewed the background, profile and historical payments trends of the customers.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

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.

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 SFRS(I)s, 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.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

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

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

- 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.

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 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group	
		2019 $'000	2018 $'000
Revenue	4	91,712	78,060
Cost of sales		(72,996)	(65,296)
Gross profit		18,716	12,764
Other income	5	1,796	4,219
Other items of expense			
Marketing and distribution expenses		(2,815)	(1,800)
Administrative expenses		(12,270)	(8,853)
Other expenses		(1,757)	(1,168)
Finance costs	6	(1,618)	(758)
Share of profits from equity-accounted for associates		711	643
Profit before income tax	7	2,763	5,047
Income tax expense	8	(546)	(734)
PROFIT FOR THE YEAR		2,217	4,313
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translating foreign operations		(2,227)	392
Other comprehensive (loss)/income for the year, net of tax		(2,227)	392
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(10)	4,705
Profit/(Loss) attributable to:			
Owners of the Company		2,507	4,335
Non-controlling interests		(290)	(22)
		2,217	4,313
Total comprehensive (loss)/income attributable to:			
Owners of the Company		414	4,713
Non-controlling interests		(424)	(8)
		(10)	4,705
Earnings per share attributable to owners of the Company (cents)			
Basic	9	1.30	2.26
Diluted	9	1.30	2.26

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 2019

	Note	Group		Company	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
ASSETS					
Non-current assets					
Subsidiaries	10	–	–	32,621	32,621
Associates	11	4,597	5,869	–	–
Property, plant and equipment	12	32,043	23,364	–	–
Intangible assets	13	297	251	–	–
Deferred tax assets	14	402	516	–	–
Total non-current assets		37,339	30,000	32,621	32,621
Current assets					
Inventories	15	31,031	22,130	–	–
Amounts due from subsidiaries	16	–	–	20,725	20,819
Trade and other receivables	17	24,052	25,138	19	16
Income tax assets		1,591	1,185	–	–
Derivative financial instruments	23	205	–	–	–
Cash and bank balances	18	4,871	6,731	155	528
Total current assets		61,750	55,184	20,899	21,363
Total assets		99,089	85,184	53,520	53,984
EQUITY AND LIABILITIES					
Equity					
Share capital	19	37,473	37,126	37,473	37,126
Reserves	21	(37,387)	(35,354)	170	110
Retained earnings		42,242	40,185	12,747	13,859
Equity attributable to owners of the Company		42,328	41,957	50,390	51,095
Non-controlling interests		1,036	(83)	–	–
Total equity		43,364	41,874	50,390	51,095
Non-current liabilities					
Deferred tax liabilities	14	3,201	2,092	–	–
Bank borrowings	24	6,100	5,478	–	–
Total non-current liabilities		9,301	7,570	–	–
Current liabilities					
Derivative financial instruments	23	–	753	–	–
Bank borrowings	24	32,239	21,362	–	–
Trade and other payables	25	14,184	13,625	148	133
Amounts due to subsidiaries	16	–	–	2,982	2,756
Income tax liabilities		1	–	–	–
Total current liabilities		46,424	35,740	3,130	2,889
Total liabilities		55,725	43,310	3,130	2,889
Total equity and liabilities		99,089	85,184	53,520	53,984

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 2019

	Attributable to equity holders of the Company							
	Share capital	Currency translation reserve (Note 21)	Merger reserves (Note 21)	Share-based payment reserve (Note 21)	Retained earnings	Total	Non-controlling interests	Total equity
GROUP	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2017	37,126	(9,902)	(25,940)	–	35,850	37,134	(75)	37,059
Profit for the year	–	–	–	–	4,335	4,335	(22)	4,313
Other comprehensive income:								
Exchange differences on translating foreign operations	–	378	–	–	–	378	14	392
Total comprehensive income for the year	–	378	–	–	4,335	4,713	(8)	4,705
Share-based payment expenses (Note 22)	–	–	–	110	–	110	–	110
At 30 June 2018	37,126	(9,524)	(25,940)	110	40,185	41,957	(83)	41,874
Profit for the year	–	–	–	–	2,507	2,507	(290)	2,217
Other comprehensive income:								
Exchange differences on translating foreign operations	–	(2,093)	–	–	–	(2,093)	(134)	(2,227)
Total comprehensive income for the year	–	(2,093)	–	–	2,507	414	(424)	(10)
Share-based payment expenses (Note 22)	–	–	–	60	–	60	–	60
Issuance of shares, pursuant to scrip dividend	347	–	–	–	–	347	–	347
Increase in capital contribution (Note 12)	–	–	–	–	–	–	1,543	1,543
Dividends (Note 20)	–	–	–	–	(450)	(450)	–	(450)
At 30 June 2019	37,473	(11,617)	(25,940)	170	42,242	42,328	1,036	43,364

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

COMPANY	Share capital $'000	Share-based payment reserve $'000	Retained earnings $'000	Total $'000
At 1 July 2017	37,126	–	16,877	54,003
Loss for the year, representing total comprehensive income for the financial year	–	–	(3,018)	(3,018)
Share-based payment expenses (Note 22)	–	110	–	110
At 30 June 2018	37,126	110	13,859	51,095
Loss for the year, representing total comprehensive loss for the financial year	–	–	(662)	(662)
Share-based payment expenses (Note 22)	–	60	–	60
Issuance of shares, pursuant to scrip dividend	347	–	–	347
Dividends (Note 20)	–	–	(450)	(450)
At 30 June 2019	37,473	170	12,747	50,390

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group	
		2019	2018
		$'000	$'000
Operating activities			
Profit before income tax		2,763	5,047
Adjustments for:			
Bad debt written off		21	–
Loss/(Gain) on disposal of property, plant and equipment		21	(8)
Share of profits from equity-accounted for associates		(711)	(643)
Depreciation of property, plant and equipment		1,608	1,432
Property, plant and equipment written off		299	393
Amortisation of intangible asset		15	9
Fair value (gain)/loss of derivative financial instruments		(739)	1,067
Interest expense		1,618	758
Interest income		(83)	(36)
Unrealised exchange differences		(1,313)	865
Operating cash flows before movements in working capital		3,499	8,884
Movements in working capital			
Inventories		(9,297)	(6,432)
Trade and other receivables		1,066	(4,732)
Trade and other payables		579	3,583
Cash (used in)/generated from operations		(4,153)	1,303
Interest paid		(1,691)	(758)
Income taxes paid		(523)	(947)
Net cash used in operating activities		(6,367)	(402)
Investing activities			
Acquisition of property, plant and equipment	12	(8,532)	(4,679)
Additional of intangible asset		(65)	–
Interest received		83	36
Increase in fixed deposits pledged to bank		–	(56)
Dividend received from an associate		1,625	285
Net cash used in investing activities		(6,889)	(4,414)
Financing activities			
Drawdown of borrowings		81,199	46,573
Repayment of borrowings		(69,700)	(38,620)
Dividend paid		(103)	–
Net cash generated from financing activities		11,396	7,953
Net (decrease)/increase in cash and cash equivalents		(1,860)	3,137
Cash and cash equivalents at beginning of financial year		6,116	2,979
Cash and cash equivalents at end of financial year	18	4,256	6,116

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Reconciliation of liability arising from financing activities:

	1 July 2018	Cash movement		30 June 2019
		Repayment	Drawdown	
	$'000	$'000	$'000	$'000
Liability				
Borrowings	26,840	(69,700)	81,199	38,339

	1 July 2017	Cash movement		30 June 2018
		Repayment	Drawdown	
	$'000	$'000	$'000	$'000
Liability				
Borrowings	18,887	(38,620)	46,573	26,840

The accompanying notes form 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 2019

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 with its principal place of business and registered office 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 and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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 2019 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 of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") 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 the 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.

Singapore Financial Reporting Standards (International)

In December 2017, the Accounting Standards Council (the "ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)") as the new accounting framework to be mandatorily applied by qualifying entities, which include Singapore-incorporated entities whose debt or equity instruments are traded in a public market in Singapore, in the preparation and presentation of their general purpose financial statements for annual reporting periods beginning on or after 1 January 2018.

This first volume of SFRS(I) contains the equivalent of consolidated text of IFRS as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual reporting periods beginning on 1 January 2018. Simultaneous to its compliance with SFRS(I), the Group can hence elect to include an explicit and unreserved statement of compliance with SFRS(I) in its first and subsequent SFRS(I) financial statements.

In its initial adoption of this first set of SFRS(I) financial statements, the Group has applied SFRS(I) 1 *First-Time Adoption of Singapore Financial Reporting Standards (International)* ("SFRS(I) 1") which is equivalent to IFRS 1 *First-Time Adoption of International Financial Reporting Standards*. The effects of applying SFRS(I) 1 is disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Singapore Financial Reporting Standards (International) (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-19	Amendments to SFRS(I) 1-19: *Plan Amendment, Curtailment or Settlement*	1 January 2019
SFRS(I) 1-28	Amendments to SFRS(I) 1-28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
SFRS(I) 9	Amendments to SFRS(I) 9: *Prepayment Features with Negative Compensation*	1 January 2019
SFRS(I)10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
Various	Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
	- Amendments to SFRS(I) 3 *Business Combinations: Additional guidance for applying the acquisition method to particular types of business combinations*	
	- Amendments to SFRS(I) 11 *Joint Arrangements: Accounting for acquisition of interests in joint operations*	
	- Amendments to SFRS(I) 1-12 *Income taxes: Measurement, Recognition of current and deferred tax and borrowing costs*	
	- Amendments to SFRS(I) 1-23 Borrowing costs: *Borrowing costs eligible for capitalisation*	
	- Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
	- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	
SFRS(I) 3	Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
SFRS(I) 17	Insurance Contracts	1 January 2021

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

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Other than the following standards, management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Lease*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) 1-15 *Operating Leases – Incentives*, and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and introduces a single, on-balance sheet accounting model for lessees.

The Group plans to apply SFRS(I) 16 on 1 July 2019 and will apply the modified retrospective approach to recognise the cumulative effect of initially applying SFRS(I) 16 on 1 July 2019. Accordingly, the comparative financial statements will not be restated.

Lessee

SFRS(I) 16 requires, with limited exceptions, the lessee to recognise, 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 plans to elect to use the exemption proposed by the standard on lease contracts for which the underlying asset is of low value and where the lease is short-term. The Group also plans to elect not to recognise right-of-use assets and lease liabilities of leases for which the lease term ends within 12 months as of 1 July 2019. In the determination of the lease term as a lessee, the Group plans to apply the practical expedient to use hindsight for contracts which contains options to extend or terminate the lease.

Preliminarily, based on the currently known and reasonably estimable information relevant to its assessment, as at 1 July 2019, the Group expects an increase in right-of-use assets, an increase in lease liabilities and an increase in beginning accumulated profits.

Lessor

The Group does not expect any significant impact on its financial statements as a lessor in the initial adoption of SFRS(I) 16.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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 SFRS(I) 9 *Financial Instruments* 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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Business Combinations from 1 July 2017

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquire at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Paymen*t; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business Combinations from 1 July 2017 (Continued)

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 July 2017. Goodwill arising from acquisitions before 1 July 2017 has been carried forward from the previous FRS framework as at the date of transition.

In comparison to the above-mentioned requirements under SFRS(I), the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition

The Group is principally in the business of manufacturing and trading of gloves and other medical disposables products such as latex examination gloves, nitrile examination gloves and other ancillary products. Revenue from contracts with its customers is recognised at point in time when or as the Group satisfies a performance obligation by transferring the significant risks and rewards of ownership of the goods generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods and that is allocated to that performance obligation. The goods are transferred when or as the customer obtains control of the goods.

2.5 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.

2.6 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.

The Group participates in the national pension schemes as defined by the laws of PRC. Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

2.7 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.

2.8 Income tax

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Income tax (Continued)

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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

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, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.10 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 through other comprehensive income.

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.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.11 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment (Continued)

Any revaluation increase arising from the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

At the end of the financial year, a transfer of the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is made from the revaluation reserve to accumulated profits.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of 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 plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the 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 or valuation of assets, other than freehold land and properties under construction, 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated 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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets

Acquired intangible assets are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have either finite or indefinite useful life.

Intangible assets with finite useful life are amortised over its useful life, using its straight-line method.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Intangible assets with indefinite useful life are not amortised, but tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired. The infinite useful life of an intangible asset is reviewed at the end of each financial year and where events and circumstances do not continue to support the indefinite useful life assessment for that asset, a change from indefinite to finite useful life is accounted for as a change in accounting estimate and adjusted prospectively.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

<u>Customer base</u>

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.

<u>Business licence</u>

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.

<u>Computer software</u>

The computer software was acquired and recognised based on the fair value of consideration paid. This computer software is measured at cost less any impairment loss as it has definite useful lives of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Associates

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. Distributions received from the associate reduce the carrying amount of the investment.

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.

The Company has accounted for its investments in associates at cost in its separate financial statements.

2.14 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, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as revaluation decrease.

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, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes 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.

Interest income

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

Financial instruments from 1 July 2018

These accounting policies are applied on and after the initial application date of SFRS(I) 9, (i.e. 1 July 2018).

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 2.4.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial instruments from 1 July 2018 (Continued)

Financial assets (Continued)

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 30.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial instruments from 1 July 2018 (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial 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.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

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. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial instruments from 1 July 2018 (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Other financial liabilities

Trade and other payables and amounts due to subsidiaries

Trade and other payables and amounts due to subsidiaries 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. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

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 Groups accounting policy for borrowing costs (see Note 2.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15 *Revenue from Contracts with Customers* or FRS 18 *Revenue previously*.

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 interest rate and foreign exchange rate risk, comprising foreign exchange forward contracts and interest rate swaps.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets before 1 July 2018

Financial assets are classified into loans and receivables. The classification at initial recognition depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

A financial asset is classified as loans and receivables if the financial asset is non-derivatives with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade and other receivables, bank balances and fixed deposits. 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.

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 financial 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.

2.16 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 and allocated by using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and demand deposits and bank overdrafts which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.18 Leases

Finance 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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.5).

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.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 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.

Where the grant of equity instruments is cancelled or settled during the vesting period, other than a grant cancelled by forfeiture when the vesting conditions are not satisfied, the Group recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

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.

2.22 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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 translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Determination of significant influence over associate, Unigloves GmbH

The Group held 19.3% of equity interest in one of its associates, Unigloves GmbH as at 30 June 2019. In consideration of the relative voting rights held it in the investee entity, the Group considered both SFRS(I) 1-28 *Investments in Associates and Joint Ventures* and SFRS(I) 10 *Consolidated Financial Statements* to determine whether it held control or just significant influence over Unigloves GmbH. The Group considered factors, including but not limited to, the size of its holding rights relative to the size and dispersion of holdings of the other vote holders, its representation at shareholders' and directors' meetings voting patterns, the composition of key management personnel in Unigolves GmbH, and contractual agreements. Consequently, the Group assessed that it has significant influence over Unigloves GmbH and classified entity as an associate.

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.

Depreciation of 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 2019 were $32,043,000 (2018: $23,364,000) respectively (Note 12).

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 32.

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

3.2 Key sources of estimation uncertainty (Continued)

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (eg. Singapore, China, Malaysia, Brazil) and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. No expected loss allowance is recognised on the Group's trade receivables as at 30 June 2019 and 2018 (Note 30).

Inventory valuation method

Inventory is measured at the lower of cost and net realisable value. The Group measured 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 2019 was $31,031,000 (2018: $22,130,000) respectively (Note 15). There was no allowance made on inventory for the year ended 30 June 2019 and 2018.

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 2019 were $1,000 (2018: $Nil) and $2,799,000 (2018: $1,576,000) respectively.

Recoverability of deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts. Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying amount of the Group's deferred tax assets as at 30 June 2019 was $402,000 (2018: $516,000) respectively (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. REVENUE

	Group 2019 $'000	Group 2018 $'000
Revenue from contracts with customers:		
- Latex examination gloves	47,272	41,905
- Nitrile examination gloves	38,624	30,679
- Other ancillary products	5,816	5,476
	91,712	78,060

The disaggregation of revenue from contracts with customers is as follows:

	Reportable segments											
	Latex examination gloves		Nitrile examination gloves		Other ancillary products		Total		Inter-segment revenue		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Geographical markets[(a)]												
Europe	22,249	24,933	33,373	16,622	4,878	4,223	60,500	45,778	(17,893)	(11,586)	42,607	34,192
North America	4,056	3,881	9,464	9,055	2,158	2,343	15,678	15,279	–	–	15,678	15,279
South America	27,565	10,166	1,451	535	2,342	1,939	31,358	12,640	(15,057)	–	16,301	12,640
Africa	5,656	3,267	1,414	817	477	274	7,547	4,358	(3,712)	(1,785)	3,835	2,573
Asia	40,444	41,772	40,263	29,700	2,628	1,620	83,335	73,092	(74,777)	(65,409)	8,558	7,683
Malaysia#	2,542	3,674	2,186	2,017	5	2	4,733	5,693	–	–	4,733	5,693
	102,512	87,693	88,151	58,746	12,488	10,401	203,151	156,840	(111,439)	(78,780)	91,712	78,060

(a) The disaggregation is based on the location of customers from which revenue was generated.
\# Includes revenue from intermediaries that export Group products to overseas market.

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

The Group applies practical expedient to not disclose the transaction price allocated to the remaining performance obligation due to the performance obligation is part of a contract that has an original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5. OTHER INCOME

	Group	
	2019	2018
	$'000	$'000
Foreign exchange gain, net	868	4,127
Fair value gain of derivative financial instrument	739	–
Interest income	83	36
Gain on disposal of property, plant and equipment	–	8
Others	106	48
	1,796	4,219

6. FINANCE COSTS

	Group	
	2019	2018
	$'000	$'000
Interest expenses on:		
- Bank loans	1,618	757
- Finance leases	–	1
	1,618	758

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

7. PROFIT BEFORE INCOME TAX

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

	Group	
	2019	2018
	$'000	$'000
Cost of inventories recognised as expense in cost of sales	52,972	63,086
Audit fees paid to:		
-Auditor of the Company	122	122
-Other auditors	47	49
Non-audit fees paid to:		
-Auditor of the Company	27	11
-Other auditors	19	33
Directors' fees of the Company	124	113
Directors' remuneration other than fees of the Company:		
- Salary	363	291
- Bonus and profit sharing	63	58
- Defined contribution plans	27	15
Staff costs (excluding directors' remuneration)		
- Salary	12,990	10,573
- Defined contribution plans	483	413
- Other benefits	216	101
Bad debts written off	21	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

8. INCOME TAX EXPENSE

	Group	
	2019	**2018**
	$'000	**$'000**
Current income tax		
- Current	339	220
- Over-provision in prior years	(338)	(14)
Deferred income tax		
- Current	689	618
- Over-provision in prior years	(144)	(90)
Total income tax expense	546	734

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2018: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

Reconciliation of effective tax rate is as follows:

	2019	**2018**
	$'000	**$'000**
Profit before income tax	2,763	5,047
Income tax at statutory rate of 17% (2018: 17%)	470	858
Add/(Less):		
Tax effect of share of results of associates	(121)	(109)
Effect of different tax rates of overseas operations	310	283
Effect of income not subject to tax	(588)	(64)
Over-provision of income tax in prior years	(338)	(14)
Over-provision of deferred tax in prior years	(144)	(90)
Effect of non-allowable items	754	115
Unrecognised deferred tax assets	339	–
Others	(136)	(245)
Total income tax expense for the financial year	546	734

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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	
	2019 $'000	2018 $'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the Company)	2,507	4,335
Number of shares		
Weighted average number of ordinary shares for the purposes of:		
- basic share	193,297,531	191,460,054
- effect of dilution from share options	53,447	330,383
- diluted share	193,350,978	191,790,437
Earnings per share (cents)		
- basic	1.30	2.26
- diluted	1.30	2.26

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.

10. SUBSIDIARIES

	Company	
	2019 $'000	2018 $'000
Investments in subsidiaries, at cost	32,621	32,621

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10. SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation/operation)	Principal activities	Effective equity interest held by the Company 2019 %	Effective equity interest held by the Company 2018 %
Held directly by the Company			
N.S. Uni-Gloves Sdn Bhd [(1)] / Malaysia	Manufacturing of rubber gloves	100	100
UG Global Resources Sdn Bhd [(1)] / Malaysia	Manufacturing of rubber gloves	100	100
UG Glovetech Sdn Bhd [(1)] / Malaysia	Investment holding	100	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
Held through Unigloves (Singapore) Pte Ltd			
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
UGHC Brazil Importadora LTDA [(5)] / Brazil	Distribution of gloves and other medical disposables	50	50
优格 (成都) 国际贸易有限公司 [(4)(6)] / China	Distribution of gloves and other medical disposables	100	–

(1) Audited by another firm of auditors, Crowe Malaysia PLT.
(2) Audited by Mazars LLP, Singapore.
(3) Audited by Kreston Reeves LLP, UK for consolidation purposes.
(4) Not audited as insignificant to the Group.
(5) Audited by overseas member firm of Mazars LLP.
(6) On 22 March 2019, a wholly owned subsidiary company, 优格 (成都) 国际贸易有限公司 is incorporated in the People's Republic of China with registered share capital of RMB1,000,000.

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 efficiency 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 2019

11. ASSOCIATES

	Group 2019 $'000	Group 2018 $'000
Unquoted equity shares, at cost	2,466	2,466
Exchange differences	(764)	(407)
Share of post-acquisition results	5,630	4,920
Dividend received	(2,735)	(1,110)
Carrying amount	4,597	5,869

The details of the associates are as follows:

Name of associates (Country of incorporation/operation)	Principal activities	Effective equity interest held by the Company 2019 %	Effective equity interest held by the Company 2018 %
Held through Unigloves (Singapore) Pte Ltd			
Unigloves GmbH [1][3][4] / Germany	Investment holding	19.3	19.3
UG Healthcare (USA) Inc. [2] / United States	Distribution of gloves and other medical disposables	50.0	50.0
Held through Unigloves GmbH			
Unigloves Artz-Und Klinikbedarf Handelsgesellschaft GmbH [1][3] / Germany	Import and export of medical treatment utilities and one way articles	19.3	19.3
Held through Unigloves Artz-Und Klinikbedarf Handelsgesellschaft GmbH			
Unigloves Service & Logistik [1][3] / Germany	Purchase and sale of consumable goods for medical and industrial purposes	19.3	19.3
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	50.0	50.0

(1) Reviewed by an overseas member firm of Mazars LLP 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) 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.
(4) Unigloves GmbH paid out dividend of $1,625,000 (2018: $285,000) to the Group during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. ASSOCIATES (CONTINUED)

Summarised financial information of the Group's associates (based on the SFRS(I)s financial statements)

	Unigloves GmbH and its subsidiaries		UG Healthcare (USA) Inc.		Group	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities:						
Non-current assets	26,725	25,275	72	5		
Current assets	10,869	13,170	1,469	1,290		
Total assets	37,594	38,445	1,541	1,295		
Non-current liabilities	12,099	10,228	40	12		
Current liabilities	4,857	855	366	204		
Total liabilities	16,956	11,083	406	216		
Net assets	20,638	27,362	1,135	1,079		
Group's share of associate's net assets	3,980	5,277	568	540	4,548	5,817
Other adjustments					49	52
Carrying amount of the investment as at 30 June					4,597	5,869
Results						
Revenue	38,770	38,111	4,138	4,430		
Profit/(loss) for the year from continuing operations	3,524	3,474	63	(54)		
Group's share of associates' profit/ (loss) for the year	680	670	31	(27)	711	643

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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 2017	1,852	3,257	21,394	744	1,498	–	28,745
Additions	–	133	606	16	623	3,301	4,679
Write off	–	–	(560)	(49)	–	–	(609)
Disposal	–	–	–	(89)	–	–	(89)
Exchange differences	87	253	816	130	678	73	2,037
At 30 June 2018	1,939	3,643	22,256	752	2,799	3,374	34,763
Additions	–	6,026	3,682	245	256	733	10,942
Reclassifications*	–	2,085	2,350	–	–	(4,039)	396
Write off	–	–	(1,022)	–	(7)	–	(1,029)
Disposal	–	–	–	(145)	(17)	–	(162)
Exchange differences	(57)	(144)	(701)	(22)	(80)	(65)	(1,069)
At 30 June 2019	1,882	11,610	26,565	830	2,951	3	43,841
Accumulated depreciation:							
At 1 July 2017	(310)	(568)	(7,383)	(533)	(787)	–	(9,581)
Depreciation	–	(89)	(1,032)	(109)	(202)	–	(1,432)
Write off	–	–	169	47	–	–	216
Disposal	–	–	–	89	–	–	89
Exchange translation differences	(18)	(58)	(347)	(118)	(150)	–	(691)
At 30 June 2018	(328)	(715)	(8,593)	(624)	(1,139)	–	(11,399)
Depreciation	–	(63)	(1,241)	(105)	(199)	–	(1,608)
Write off	–	–	724	–	6	–	730
Disposal	–	–	–	126	15	–	141
Exchange translation differences	10	20	210	14	84	–	338
At 30 June 2019	(318)	(758)	(8,900)	(589)	(1,233)	–	(11,798)
Carrying amount:							
At 30 June 2019	1,564	10,852	17,665	241	1,718	3	32,043
At 30 June 2018	1,611	2,928	13,663	128	1,660	3,374	23,364

* The Group has reclassified formers under inventories of $396,000 to plant, machinery and equipment to reflect more appropriately the nature of the items.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The leasehold land and buildings of the Group with carrying amount of $6,463,000 (2018: $4,539,000) are pledged to secure the bank borrowings (Note 24).

Certain motor vehicles with carrying amount of $94,562 (2018: $10,351) were acquired under finance lease arrangements (Note 24) and are registered under the name of subsidiary.

On 21 May 2019, UGHC Brazil Importadora Ltda, a 50% owned subsidiary of the Group, had acquired a warehouse at Avenida das Industrias, Brazil from Stevan Participacoes Ltda ("Seller"), for a consideration of BRL10.3 million (equivalent to approximately $3.6 million) of which BRL7.2 million was fully paid in cash (equivalent to approximately $2.5 million), while BRL3.1 million (equivalent to approximately $1.1 million) was undertaken by consortium loans ("Acquisition") (Note 24). The Seller is a wholly owned company by a common shareholder of UGHC Brazil.

The Acquisition is recorded at fair value of BRL16.9 million (equivalent to approximately $5.9 million) as a result of its related party transaction and in accordance to arm's length principle. Accordingly, BRL6.6 million (equivalent to approximately $2.3 million) is recognised as capital contribution from non-controlling interests. This Acquisition give rise to a temporary taxable timing difference at Brazil's income tax rate at 34%, resulted in recognition of deferred tax liabilities of BRL2.2 million (equivalent to $0.8 million) (Note 14).

The fair value is assessed by Castegnaro Imóveis Ltda, an independent professional valuation firm, by reference to market evidence of recent transactions for similar properties.

Borrowing costs of approximately $73,000 (2018: $Nil) which arose on the financing specifically entered into for the construction of the buildings and machineries were capitalised during the financial year.

Effects of the additions of property, plant and equipment on cash flows:

	Group
	2019
	$'000
Total additions during the year	10,942
Borrowing cost capitalised	(73)
Non-cash transaction – capital contribution from non-controlling interests	(2,337)
Net cash outflow on addition of property, plant and equipment during the financial year ended 30 June 2019	8,532

13. INTANGIBLE ASSETS

	Group	
	2019	2018
	$'000	$'000
Business license [(i)]	184	184
Computer software [(ii)]	58	–
Customer base [(iii)]	55	67
	297	251

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

(ii) This pertains to the acquisition of computer software by subsidiary in Brazil.

(iii) This pertains to the acquisition of customer base by subsidiaries in United Kingdom and Shanghai.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

13. INTANGIBLE ASSETS (CONTINUED)

Movement of the intangible assets:

	Group	
	2019	2018
	$'000	$'000
Cost:		
Balance at 1 July	251	261
Addition	65	–
Amortisation	(15)	(28)
Exchange difference	(4)	18
Balance at 30 June	297	251
Accumulated amortisation:		
Balance at 1 July	(28)	(19)
Amortisation	(15)	(9)
Balance at 30 June	(43)	(28)

14. DEFERRED TAX

	Group	
	2019	2018
	$'000	$'000
Deferred tax assets	402	516
Deferred tax liabilities	(3,201)	(2,092)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. DEFERRED TAX (CONTINUED)

Movements in deferred tax assets/(liabilities) of the Group during the financial year are as follows:

Group	Accelerated tax depreciation $'000	Unabsorbed capital allowances and tax losses $'000	Fair value adjustment of assets acquired (Note b) $'000	Total $'000
Deferred tax assets				
At 30 June 2017	(3)	399	–	396
Exchange translation differences	–	120	–	120
At 30 June 2018	(3)	519	–	516
Credited to profit or loss	–	(94)	–	(94)
Exchange translation differences	–	(20)	–	(20)
At 30 June 2019	(3)	405	–	402
Deferred tax liabilities				
At 30 June 2017	(1,274)	(261)	–	(1,535)
Charged to profit or loss	(431)	(97)	–	(528)
Exchange translation differences	(4)	(25)	–	(29)
At 30 June 2018	(1,709)	(383)	–	(2,092)
Charged to profit or loss	(1,006)	566	(795)	(1,235)
Exchange translation differences	46	80	–	126
At 30 June 2019	(2,669)	263	(795)	(3,201)

(a) Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

(b) The deferred tax liability is recognised during the current financial year in respect to the Acquisition as described in Note 12.

(c) The following deductible temporary difference has not been recognised:

	Group	
	2019 $'000	2018 $'000
Tax losses	1,993,192	–

The tax losses are subject to agreement by tax authorities and compliance with tax regulations in the respective countries in which the certain subsidiaries operate. Deferred tax assets have not been recognised in respect of the tax losses due to uncertainty in the availability of future taxable profit against which the Group can utilise the tax losses.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15. INVENTORIES

	Group	
	2019	2018
	$'000	$'000
Finished goods	22,762	15,115
Work-in-progress	6,541	5,122
Raw materials	2,124	1,893
	31,427	22,130
Less:		
Reclassification to property, plant and equipment (Note 12)	(396)	–
	31,031	22,130

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, interest free, repayable on demand and denominated in Singapore Dollars.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables				
- third parties	15,789	17,374	-	-
- associates	3,747	3,894	-	-
	19,536	21,268	-	-
Other receivables				
- third parties	2,656	2,569	19	16
Prepayments	1,860	1,301	–	–
Total trade and other receivables	24,052	25,138	19	16

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 (2018: 30 to 180 days). They are recognised at the transaction price which represent their fair value on initial recognition.

The details of the impairment of trade and other receivables and credit exposures are disclosed in Note 30.

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

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
United States dollar ("USD")	11,134	16,732	–	–
Malaysian ringgit ("MYR")	2,884	2,702	–	–
Brazilian Real ("BRL")	4,468	–	–	–
Pound sterling ("GBP")	2,882	2,826	–	–
Others	2,684	2,878	19	16
	24,052	25,138	19	16

18. CASH AND BANK BALANCES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash and bank balances	3,310	4,505	155	11
Fixed deposits	1,561	2,226	–	517
Cash and cash equivalents	4,871	6,731	155	528

Fixed deposits bear interest at an average rate of 2.7% (2018: 2.6%) per annum and are for a tenure of period ranging from 30 to 365 days (2018: 30 to 365 days).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

18. CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
USD	2,450	2,433	11	6
SGD	201	542	144	522
MYR	1,322	2,384	–	–
European dollar ("Euro")	–	217	–	–
GBP	328	432	–	–
Others	570	723	–	–
	4,871	6,731	155	528

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	$'000	**$'000**
Cash and bank balances	4,871	6,731
Fixed deposits pledged to financial institution	(615)	(615)
Cash and cash equivalents	4,256	6,116

19. SHARE CAPITAL

	Group and Company	
	No. of shares ('000)	**$'000**
At 1 July 2017 and at 30 June 2018	191,460	37,126
Issuance of shares pursuant to scrip dividend (Note 20)	1,837	347
At 30 June 2019	193,297	37,473

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 2019

20. DIVIDENDS

The Company recommended a final dividend in respect of the financial year ended 30 June 2019 of $0.00259 per ordinary share, amounting to $500,000, which is subject to approval by the shareholders at the forthcoming Annual General Meeting.

During the current financial year, the Company paid out dividend of $0.00235 per ordinary share amounting to $450,000 in respect of the financial year ended 30 June 2018, of which $347,000 were paid out via issuance of 1,837,477 new ordinary shares (Note 19) and the remaining $102,640 were paid out via cash. These newly issued shares rank pari passu in all respects with the then existing ordinary shares.

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".

Share-based payment reserve

The share-based payment reserve represents the cumulative value of services received for the issuance of the options and shares under the Unigloves Employee Share Option Scheme.

22. SHARE BASED PAYMENTS

On 28 August 2015 (the "Date of Grant"), a batch of 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 options are exercisable at first year of vesting being after two (2) years from the Date of Grant.

As at 30 June 2019, there are outstanding options of 1,570,000 shares under the Scheme.

Share options outstanding at the end of the financial year have the following expiry dates and exercise prices:

Exercise period	**Exercise price ($)**	**No. of outstanding options**	
		2019	**2018**
28.08.2015 – 27.08.2025	0.1816	1,570,000	1,570,000

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

22. SHARE BASED PAYMENTS (CONTINUED)

The fair value of share options as at the Date of Grant was estimated by using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used are shown below:

Estimated volatility (%)	30%
Risk-free interest rate (% per annum)	1.77%
Expected life of option (years)	10 years
Weighted average share price (cents)	1.15

The risk-free interest rate is based on the 10-year Singapore bond rate. The expected life of the options is based on the validity of the options granted. The expected volatility, which is based on the past 52 weeks' daily closing prices prior to the date of grant, reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value. All share options are settled via the issue of ordinary shares.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2019 Assets $'000	2019 Liabilities $'000	2018 Assets $'000	2018 Liabilities $'000
Forward foreign exchange contracts	205	–	–	(753)

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 180 to 365 days (2018: 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:

	2019	2018
Forward foreign exchange contracts:		
- USD	17,626,000	22,697,000
- GBP	4,275,000	–

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Average contracted rate		Notional value		Fair value	
	2019	2018	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Sell MYR, buy USD	4.14	3.95	23,885	30,257	1	(753)
Sell GBP, buy USD	1.31	–	7,549	–	204	–

The fair values are measured based on estimated valuation derived from market quotation (Note 32).

24. BANK BORROWINGS

	Group	
	2019 $'000	2018 $'000
Secured bank loans (1)	7,696	6,723
Secured finance lease payables (2)	95	9
Secured export invoice financing (3)	19,312	19,132
Secured import and local purchase financing (4)	10,474	976
Consortium loans (5)	762	–
Total	38,339	26,840
Less :		
Amount due for settlement within 12 months (6)	(32,239)	(21,362)
Amount due for settlement after 12 months	6,100	5,478

(1) The weighted average effective interest rates of the Group's secured bank loans are ranging from 4.61% to 6.11% (2018: 5.50% to 6.11%) and are secured as follows:

(i) legal charges on the leasehold land and buildings;
(ii) guarantees from the Company, certain subsidiaries and related parties; and
(iii) debentures over certain production lines.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

24. BANK BORROWINGS (CONTINUED)

(2) The finance lease terms range from 1 to 5 years (2018: 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	
	2019	2018
	$'000	$'000
Minimum hire purchase payments:		
- less than one year	24	9
- within one to five years	81	–
	105	9
Less: Future finance charges	(10)	–
Present value of hire purchase payables	95	9

(3) The export invoice refinancing is repayable from 1 to 180 days (2018: 1 to 240 days). The interest rate for export invoice refinancing is 1.75% (2018: 1.75%) per annum over London Inter Bank Offer Rate (LIBOR) prevailing from time to time or 1.75% (2018: 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 import and local purchase financing are repayable from 1 to 180 days (2018: 1 to 120 days). The interest rate for Foreign Currency Invoice Financing (FCIF) is 1.50% (2018: 1.50%) per annum over the Bank's Cost of Funds for the respective foreign currencies or such other rate as determined by the Bank from time to time for import bills. The interest rate for Foreign Currency Trade Finance (FCTF) is 1.50% per annum above the US Prime Rate on the date of drawdown and the Bank's cost of maintaining statutory and liquidity reserves (if any) or such other rates as the Bank may in its absolute discretion determine.

(5) The consortium loans' terms range from 1 to 5 years and on a fixed repayment basis. The weighted average effective interest rate of the consortium is 14.50%

(6) The amount, shown under current liabilities, consists of secured banks loans of $2,066,000 (2018: $1,245,000), secured finance lease payables of $21,000 (2018: $9,000), secured export invoice financing of $19,312,000 (2018: $19,132,000) and secured import and local invoice financing of $10,474,000 (2018: $976,000) and consortium $366,000 (2018: Nil).

The weighted average effective interest rate for bank borrowings is 4.71% (2018: 4.98%).

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	
	2019	2018
	$'000	$'000
USD	24,582	20,108
MYR	12,995	6,732
BRL	762	–
	38,339	26,840

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables				
- third parties	6,501	9,062	–	–
Other payables				
- third parties	5,636	3,774	10	6
Accrued expenses	2,047	789	138	127
Total trade and other payables	14,184	13,625	148	133

Trade payables are unsecured, interest-free and with the credit term ranging from 21 to 90 days (2018: 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
USD	1,236	2,577	–	–
MYR	8,668	7,599	–	–
BRL	2,135	–	–	–
Others	2,145	3,449	148	133
	14,184	13,625	148	133

26. CAPITAL COMMITMENTS

	Group	
	2019	2018
	$'000	$'000
Capital expenditure contracted but not provided for:		
Commitments for the acquisition of property, plant and equipment	–	4,695

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27. CONTINGENT LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Bank guarantee given to third parties for utility supplies to a subsidiary	2,996	2,409	–	–
Corporate guarantee given to banks for bank facilities granted to subsidiaries	–	–	60,634	46,292
	2,996	2,409	60,634	46,292

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

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries (Note 10) to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

28. 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);

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

A related party is defined as follows: (Continued)

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

(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 entered into the following transactions with related parties:

	2019	2018
	$'000	$'000
Sales to associates	17,308	15,208
Acquisition of warehouse in Brazil	5,953	–

Compensation of executive directors and key management personnel

	2019	2018
	$'000	$'000
Short-term benefits	633	640
Defined contribution plans	48	43
	681	683

29. 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, Brazil, 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.

NOTES TO THE FINANCIAL STATEMENTS

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29. SEGMENT INFORMATION (CONTINUED)

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 income 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

	2019 $'000	2018 $'000
Revenue		
Total revenue for reportable segments	203,151	156,840
Elimination of inter-segment revenue	(111,439)	(78,780)
Total revenue	91,712	78,060
Profit or loss		
Total profit or loss for reportable segments	2,052	4,404
Share of profits from equity-accounted for associates	711	643
Profit before income tax	2,763	5,047
Assets		
Total assets for reportable segments	94,492	79,315
Investments in associates	4,597	5,869
Total assets	99,089	85,184
Liabilities		
Total liabilities for reportable segments	55,725	43,310
Total liabilities	55,725	43,310

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29. SEGMENT INFORMATION (CONTINUED)

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

Business Segments

Revenue	2019		2018	
	$'000	(%)	$'000	(%)
Latex examination gloves	47,272	52	41,905	54
Nitrile examination gloves	38,624	42	30,679	39
Other ancillary products	5,816	6	5,476	7
Total	91,712	100	78,060	100
Gross profit				
Latex examination gloves	9,667	52	6,796	53
Nitrile examination gloves	8,277	44	5,255	41
Other ancillary products	772	4	713	6
Total	18,716	100	12,764	100

Gross profit margin	2019	2018
	(%)	(%)
Latex examination gloves	20.4	16.2
Nitrile examination gloves	21.4	17.1
Other ancillary products	13.3	13.0
Overall	20.4	16.4

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29. SEGMENT INFORMATION (CONTINUED)

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

Geographic information

Revenues from external customers

	2019 $'000	2018 $'000
Europe	42,607	34,192
North America	15,678	15,279
South America	16,301	12,640
Africa	3,835	2,573
Asia	8,558	7,683
Malaysia#	4,733	5,693
	91,712	78,060

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

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

Location of non-current assets

	Malaysia $'000	Europe $'000	North America $'000	South America $'000	Africa $'000	Asia $'000	Total $'000
2019							
Non-current assets	25,097	4,476	568	6,360	724	114	37,339
2018							
Non-current assets	22,550	5,813	540	294	552	251	30,000

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 $15,320,204 (2018: $13,272,609) which is derived from a mixture of segments.

30. 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.

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'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.

To assess and manage its credit risks, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

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30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks Note 1	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition Note 2 or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired Note 3	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount Note 4	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

– Significant financial difficulty of the debtor;
– Breach of contract, such as a default or being more than 90 days past due;
– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
– The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

With reference to Note 27, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 17)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (eg. Singapore, China, Malaysia, Brazil) and the growth rates of the major industries which its customers operate in.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Trade receivables (Note 17) (Continued)

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

Accordingly, the Company determined that the ECL for trade receivables are insignificant.

Amounts due from subsidiaries (Note 16) and other receivables (Note 17)

As of 30 June 2019, the Company recorded amounts due from subsidiaries of $20,725,000 (30 June 2018: $20,819,000). The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 30 June 2019, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

As of 30 June 2019, the Group and the Company recorded other receivables of $2,656,000 and $6,000 (2018: $3,754,000 and $3,000) respectively. The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry which the counterparties operates in, by referring to expert publications on the industry, and for any market talks on the counterparties' credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

The age analysis of trade receivables is as follows:

	2019 $'000
Neither past due nor impaired	13,274
Past due but not impaired:	
- Past due for 1 to 90 days	1,527
- Past due for 91 to 180 days	61
- Over 181 days	4,674
	19,536

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Amounts due from subsidiaries (Note 16) and other receivables (Note 17) (Continued)

The Group's and the Company's exposure to credit risk in respect of the trade receivables and other receivables is as follows:

	Group			
	Trade receivables		Other receivables	
Internal credit risk grading	Note [(i)]	Total	Category 2	Total
	$'000	$'000	$'000	$'000
Gross carrying amount/Net carrying amount				
At 1 July 2018	21,268	21,268	3,870	3,870
At 30 June 2019	19,536	19,536	4,156	4,156

	Company			
	Amounts due from subsidiaries		Other receivables	
Internal credit risk grading	Category 1	Total	Category 2	Total
	$'000	$'000	$'000	$'000
Gross carrying amount/Net carrying amount				
At 1 July 2018	20,819	20,819	3	3
At 30 June 2019	20,725	20,725	6	6

Note (i) For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where loss allowance is equal to lifetime ECL.

Comparative information under FRS 39

In the previous financial year, trade receivables that are neither past due nor impaired amounted to $14,580,000 were substantially companies with good collection track record with the Group.

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

	2018
	$'000
Past due for 1 to 90 days	2,920
Past due for 91 to 180 days	1,118
Over 181 days	2,650
	6,688

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

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.

Foreign currency risks

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Monetary assets				
USD	13,584	19,165	11	7
Monetary liabilities				
USD	(25,818)	(22,685)	–	–
Forward foreign currency contracts (USD)	(16,295)	(30,257)	–	–

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
USD				
Strengthens against $	(1,426)	(1,689)	*	*
Weakens against $	1,426	1,689	*	*

* *Less than $1,000*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

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 exposures to interest rate risk are disclosed in Note 24 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	
	2019	**2018**
	$'000	**$'000**
Bank borrowings		
Increase	(383)	(268)
Decrease	383	268

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30. 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	Contractual undiscounted cash flows	Less than 1 year	1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Financial assets and derivative financial instruments					
Cash and bank balances	4,871	4,871	4,871	–	–
Trade and other receivables	22,192	22,192	22,192	–	–
Derivative financial instruments	205	205	205	–	–
As at 30 June 2019	27,268	27,268	27,268	–	–
Cash and bank balances	6,731	6,731	6,731	–	–
Trade and other receivables	25,022	25,022	25,022	–	–
As at 30 June 2018	31,753	31,753	31,753	–	–
Financial liabilities and derivative financial instruments					
Trade and other payables	14,184	14,184	14,184	–	–
Bank borrowings	38,339	39,985	33,330	6,655	–
As at 30 June 2019	52,523	54,169	47,514	6,655	–
Trade and other payables	13,625	13,625	13,625	–	–
Bank borrowings	26,840	28,181	22,371	5,357	453
Derivative financial instruments	753	753	753	–	–
As at 30 June 2018	41,218	42,559	36,749	5,357	453
Total net liabilities					
As at 30 June 2019	(23,395)	(25,041)	(18,386)	(6,655)	–
As at 30 June 2018	(9,349)	(10,690)	(4,880)	(5,357)	(453)

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 24 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	Group	
	2019	2018
	$'000	$'000
Financial assets		
Trade and other receivables	–	25,022
Cash and cash equivalents	–	6,731
Loans and receivables	–	31,753
Trade and other receivables	22,192	–
Cash and cash equivalents	4,871	–
Financial assets measured at amortised cost	27,063	–
Financial liabilities		
Trade and other payables	14,184	13,625
Bank borrowings	38,339	26,840
Financial liabilities measured at amortised cost	52,523	40,465

	Company	
	2019	2018
	$'000	$'000
Financial assets		
Amounts due from subsidiaries	–	20,819
Trade and other receivables	–	3
Cash and cash equivalents	–	528
Loans and receivables	–	21,350
Amounts due from subsidiaries	20,725	–
Trade and other receivables	6	–
Cash and cash equivalents	155	–
Financial assets measured at amortised cost	20,886	–
Financial liabilities		
Trade and other payables	148	133
Amounts due to subsidiaries	2,982	2,756
Financial liabilities measured at amortised cost	3,130	2,889

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

32. 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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements			
As at 30 June 2019			
Derivative financial assets (Note 23)	–	205	–
As at 30 June 2018			
Derivative financial liabilities (Note 23)	–	(753)	–

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 based on dealer quotes at the end of the reporting period.

33. 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 2019.

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.

	2019 $'000	2018 $'000
Net debt	47,652	33,734
Total equity	43,364	41,874
Total capital	91,016	75,608
Gearing ratio	52%	45%

The Group is in compliance with all externally imposed capital requirements for the financial year ended 30 June 2019 and 30 June 2018.

34. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING POLICIES

As a first-time adopter of SFRS(I), the Group has retrospectively applied the accounting policies based on each applicable SFRS(I) effective as at 30 June 2019, being the end of the first SFRS(I) reporting period, except for areas of mandatory exceptions and the application of certain optional exemptions (see below) as set out in SFRS(I) 1. In the adoption of SFRS(I), the Group concurrently applied the following relevant new and amended SFRS(I)s and SFRS(I) INT that are similarly mandatorily effective from 1 July 2018:

SFRS(I) 2 *Amendments to SFRS(I) 2: Classification and measurement of share-based payment transactions*
SFRS(I) 9 *Financial instruments ("SFRS(I) 9")*
SFRS(I) 15 *Revenue from contracts with customers ("SFRS(I) 15")*
SFRS(I) 1 - 40 *Amendments to SFRS(I) 1-40: Transfers of investment property*
SFRS(I) INT 22 *Foreign currency transactions and advance consideration*
Improvements to SFRS(I) (December 2016)
– Amendments to SFRS(I) 1-28: *Measuring an associate or joint venture at fair value*

Except as described below, the application of SFRS(I) did not have a significant impact on the Group's financial statements.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a comprehensive framework which specifies how and when revenue should be recognise as well as to provide users of financial statements useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. SFRS(I) 15 also specifies the accounting for incremental costs of obtaining a contract and costs incurred to fulfil a contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

34. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING POLICIES (CONTINUED)

SFRS(I) 15 *Revenue from Contracts with Customers (Continued)*

The Group has adopted the five-step model which requires (i) its identification of the contract; (ii) its 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 Group recognises revenue to depict the transfer of promised goods or services to its customers in an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods or services.

The Group has performed assessment of adopting SFRS(I) 15 and concluded that there is no material impact on the financial statements of the Group on the period of the initial adoption. Accordingly, the comparative financial statements have not been restated.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 sets out the requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification of financial assets

Based on facts and circumstances existing as of 1 July 2018, the Group has classified its financial assets into financial assets subsequently measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the Group'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.

The Group has adopted SFRS(I) 9 retrospectively but did not restate the comparatives by applying the optional exemption provided in SFRS(I) 1. Accordingly, the comparative information was prepared in accordance with the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* and disclosures were made in accordance with FRS 107 *Financial Instruments: Disclosure* as applicable.

In the previous financial year, the Group has prepared the financial statements in accordance with the Singapore Financial Reporting Standards ("FRS").

The Group has performed assessment of adopting SFRS(I) 9 and concluded that there is no material impact on the financial statements of the Group on the period of the initial adoption. Accordingly, the comparative financial statements have not been restated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

35. RESTATEMENT OF COMPARATIVE FIGURES

The following reclassifications were made in the balances in the financial statements for last year:

	Group		
	Before reclassified	Amount reclassified	After reclassified
	$'000	$'000	$'000
Statement of financial position as at 30 June 2018			
Trade and other receivables	26,323	(1,185)	25,138
Income tax assets	–	1,185	1,185
Statement of cash flow for the financial year ended 30 June 2018			
Investing activities			
Decrease in fixed deposits pledged to bank	(327)	271	(56)
Net cash used in operating activities	(4,685)	271	(4,414)
Net increase in cash and cash equivalents	2,866	271	3,137
Cash and cash equivalents at beginning of financial year	3,538	(559)	2,979
Effect of currency translation on cash and cash equivalents	327	(327)	–
Cash and cash equivalents at end of financial year	6,731	(615)	6,116

	Company		
	Before reclassified	Amount reclassified	After reclassified
	$'000	$'000	$'000
Statement of financial position as at 30 June 2018			
Amounts due from subsidiaries	18,063	(2,756)	20,819
Amounts due to subsidiaries	–	2,756	2,756

The above reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

The reclassifications do not have any impact on the financial results of the Group and the Company.

SHAREHOLDERS' STATISTICS

AS AT 13 SEPTEMBER 2019

ISSUED AND FULLY PAID-UP CAPITAL	:	S$38,947,712.533*
NUMBER OF SHARES ISSUED	:	193,297,531
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$37,472,852 due to certain share issue expenses.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	8	1.56	288	0.00
100 - 1,000	29	5.65	15,282	0.01
1,001 - 1,000	195	38.01	1,260,214	0.65
10,001 - 1,000,000	263	51.27	20,041,775	10.37
1,000,001 & above	18	3.51	171,979,972	88.97
TOTAL	513	100.00	193,297,531	100.00

Based on the information provided and to the best knowledge of the Directors, approximately 32% of the issued ordinary shares of the Company is held in the hands of the public as at 13 September 2019 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 13 SEPTEMBER 2019

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)	95,675,835	–	95,675,835	49.50%
Raydion Direct Global Inc(1)	24,692,808	–	24,692,808	12.77%
Lee Keck Keong	–	120,368,643	120,368,643	62.27%
Sim Ai Cheng(2)	–	120,368,643	120,368,643	62.27%
Lee Jun Yih	913,878	120,368,643	121,282,521	62.74%
Lee Jun Linn	712,163	120,368,643	121,080,806	62.64%

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 13 SEPTEMBER 2019

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
ZEN UG PTE. LTD.	95,675,835	49.50
RAYDION DIRECT GLOBAL INC	24,692,808	12.77
WONG SEE KEONG	9,439,626	4.88
JEREMY LEE SHENG POH	8,041,220	4.16
ANG BENG TECK @ ANG CHAI TIAM	5,420,399	2.80
MAYBANK KIM ENG SECURITIES PTE.LTD	4,267,948	2.21
TOMMIE GOH THIAM POH	3,264,810	1.69
ANG BENG YONG	3,225,470	1.68
OCBC SECURITIES PRIVATE LTD	2,659,213	1.38
ANG BENG CHEE	2,261,612	1.17
DBS NOMINEES PTE LTD	2,097,081	1.09
UOB KAY HIAN PTE LTD	2,049,072	1.06
DIANA SNG SIEW KHIM	2,000,000	1.03
FONG KIM CHIT	2,000,000	1.03
DB NOMINEES (SINGAPORE) PTE LTD	1,601,701	0.83
KOH KIM LENG COLIN	1,166,000	0.60
RAFFLES NOMINEES (PTE) LIMITED	1,071,627	0.55
CITIBANK NOMINEES SINGAPORE PTE LTD	1,045,550	0.54
LEE JUN YIH	913,878	0.47
LEE JUN LINN	712,163	0.37
TOTAL	173,606,013	89.81

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 @ One Orchard, One Orchard Road, Tan Chin Tuan Function Room 1 Singapore 238824 on Thursday, 24 October 2019 at 2.00 p.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 2019 together with the Auditors' Report thereon.

[Resolution 1]

2. To declare a first and final dividend of S$0.00259 per ordinary share one-tier tax exempt for the financial year ended 30 June 2019.

[Resolution 2]

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

   Mr Yip Wah Pung **[Resolution 3]**
   Mr Lee Keck Keong **[Resolution 4]**
   [Explanatory Note (1)]

4. To approve the payment of Directors' fees of S$76,565.67 for the financial year ending 30 June 2020 (FY2019: S$76,778.52).

[Resolution 5]

5. 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 6]

6. 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:

7. **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

NOTICE OF ANNUAL GENERAL MEETING

(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:

(i) 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 percent (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

(ii) (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.

(iii) 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.

(iv) 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 7]**

8. **Authority to allot and issue shares under the UG Healthcare Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Rule 805 of the Catalist Rules and the Constitution of the Company, authority be and is hereby given to the Directors to allot and issue such number of new Shares as may be required to be allotted and issued pursuant to the application of the UG Healthcare Scrip Dividend Scheme to the first and final dividend of S$0.00259 per ordinary share, one-tier tax exempt for the financial year ended 30 June 2019.

[Explanatory Note (3)] **[Resolution 8]**

9. Authority to allot and issue shares under:

(A) **<u>The Unigloves Employee Share Option Scheme</u>**

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,

NOTICE OF ANNUAL GENERAL MEETING

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 (4)] **[Resolution 9A]**

(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:

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

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,

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) 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 (4)] **[Resolution 9B]**

10. **The Proposed Renewal of the Share Buy-back Mandate**

That:

(a) for the purposes of the Companies Act and the Catalist Rules of the SGX-ST, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Cap. 50) of Singapore and the Listing Manual of the SGX-ST,

and otherwise in accordance with all other provisions of the Companies Act and the Catalist Rules of the SGX-ST as may for the time being be applicable (the "**Share Buy-back Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company 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 passing of this Resolution and expiring on the earlier 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:

"**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 (5)] **[Resolution 10]**

By Order of the Board

Sharon Yeoh
Company Secretary

9 October 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

(2) **Resolution 7** - 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 8** - This Resolution, if passed, will empower the Directors, to issue such number of new Shares as may be required to be issued pursuant to the application of UG Healthcare Scrip Dividend Scheme to the first and final dividend of S$0.00259 per ordinary share, one-tier tax exempt for the financial year ended 30 June 2019. Please refer to the Company's announcement dated 26 August 2019 and 10 September 2019 in relation to the application of UG Healthcare Scrip Dividend Scheme to the said final dividend.

(4) **Resolution 9A and 9B** - 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.

(5) **Resolution 10** – 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 Limited, 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.

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.

NOTICE OF 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 reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").*

*This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms Tay Sim Yee (Telephone no.: (65) 6232 3210) at 1, Robinson Road, #21-00 AIA Tower, Singapore 048542.

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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 3 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, Tan Chin Tuan Function Room 1, Singapore 238824 on Thursday, 24 October 2019 at 2.00 p.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.

No.	Resolutions Relating To:	For*	Against*
AS ORDINARY BUSINESS			
1	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2019		
2	Declaration of First and Final Dividend of S$0.00259 per ordinary share		
3	Re-election of Mr Yip Wah Pung as Director		
4	Re-election of Mr Lee Keck Keong as Director		
5	Approval of Directors' fees for financial year ending 30 June 2020		
6	Re-appointment of Messrs Mazars LLP as auditors		
AS SPECIAL BUSINESS			
7	Authority to allot and issue new shares		
8	Authority to issue new shares pursuant to the UG Healthcare Scrip Dividend Scheme		
9A	Authority to allot and issue shares pursuant to the Unigloves ESOS		
9B	Authority to allot and issue shares pursuant to the Unigloves PSP		
10	Proposed Renewal of the Share Buy-back Mandate		

* Delete where inapplicable

Dated this ____________day of___________ 2019

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 appointor 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.

APPENDIX TO SHAREHOLDERS

APPENDIX DATED 9 OCTOBER 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the contents herein or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This appendix ("**Appendix**") is circulated to the shareholder of UG Healthcare Corporation Limited (the "**Company**"), together with the Company's annual report for the financial year ended 30 June 2019 ("**Annual Report**"). The notice of the annual general meeting and the accompanying proxy form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix with the notice of annual general meeting and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the notice of annual general meeting and the attached proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, together with the notice of annual general meeting and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

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

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

The contact person for the Sponsor is Ms Tay Sim Yee (Telephone: 65 6232-3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires:

"**2019 AGM**"	:	The AGM to be held on 24 October 2019 at 2.00 p.m. at YMCA Singapore
"**ACRA**"	:	Accounting and Corporate Regulatory Authority of Singapore
"**AGM**"	:	The annual general meeting of the Company
"**Annual Report**"	:	The Company's annual report for the financial year ended 30 June 2019
"**Appendix**"	:	This appendix to Shareholders dated 9 October 2019
"**Approval Date**"	:	The date of the 2019 AGM, whereby approval for the renewal of the Share Buy-back Mandate is sought
"**Associate**"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family (being spouse, child, adopted child, step child, sibling and parent); (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly and indirectly) have an interest of 30.0% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"**Associated Company**"	:	A company in which at least 20.0% but not more than 50.0% of its shares are held by the Company or the Group
"**Board**"	:	The board of directors of the Company from time to time
"**Catalist**"	:	The Catalist board of the SGX-ST
"**Catalist Rules**"	:	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended, supplemented or modified from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
"**Company**"	:	UG Healthcare Corporation Limited
"**Constitution**"	:	The constitution of the Company, as amend or modified from time to time

DEFINITIONS

"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company. Notwithstanding, the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"**Director**"	:	The directors of the Company as at the date of this Appendix
"**EPS**"	:	Earning per Share
"**FY**"	:	Financial year ended or ending 30 June
"**Group**"	:	The Company and its subsidiaries
"**Latest Practicable Date**"	:	13 September 2019, being the latest practicable date prior to the printing of this Appendix
"**LPS**"	:	Loss per Share
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**NAV**"	:	Net asset value
"**Notice of AGM**"	:	The notice of AGM of the Company as set out in pages 124 to 129 of the Annual Report
"**NTA**"	:	Net tangible assets
"**Relevant Period**"	:	The period commencing from the Approval Date whereby the ordinary resolution in relation to the renewal of the Share Buy-back Mandate is passed and expiring on the earliest of (i) the date on which the next AGM is or is required by law or the Constitution to be held; (ii) the date on which the Share Buy-backs are carried out to the full extent mandated; or (iii) the date the said mandate is revoked or varied by the Shareholders in a general meeting
"**Securities Account**"	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
"**Securities and Futures Act**"	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SGXNET**"	:	Singapore Exchange Network, the system network used by listed companies to send information and announcements to the SGX-ST, or any other system networks prescribed by the SGX-ST
"**Share Buy-back(s)**"	:	The purchase or acquisition by the Company of its own issued and fully paid up Shares
"**Share Buy-back Mandate**"	:	The proposed mandate to authorise the Directors to exercise all powers of the Company to carry out Share Buy-backs, the terms of which are set out in this Appendix

DEFINITIONS

"**Shareholders**"	:	Persons who are registered as holders of the Shares in the Register of Members maintained by the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with the CDP are credited with Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**Sponsor**"	:	SAC Capital Private Limited
"**subsidiary holdings**"	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
"**Substantial Shareholder**"	:	A person who has an interest in Shares representing not less than 5.0% of the total votes attached to all the Shares
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**"	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Companies Act. The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Take-over Code, the Securities and Futures Act or the Catalist Rules or any modification thereof and used in this Appendix shall, unless provided otherwise, have the same meaning ascribed to it under the Companies Act, the Take-over Code, the Securities and Futures Act or the Catalist Rules (or any modification thereof, as the case may be).

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and dates in this Appendix shall be a reference to Singapore time and dates, unless otherwise stated.

APPENDIX TO SHAREHOLDERS

BOARD OF DIRECTORS:

Mr. Yip Wah Pung *(Non-Executive Chairman and Independent Director)*

Mr. Lee Keck Keong *(Chief Executive Officer and Executive Director)*

Mr. Lee Jun Yih *(Executive Director and Finance 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)*

REGISTERED OFFICE:

38 Beach Road, #29-11 South Beach Tower, Singapore 189767

9 October 2019

To: The Shareholders of UG Healthcare Corporation Limited

Dear Sir or Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1 The Directors wish to refer to (i) the Notice of AGM accompanying the Annual Report, and (ii) [Resolution 10] set out in the Notice of AGM, being the ordinary resolution for the proposed renewal of the Share Buy-back Mandate.

1.2 The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Buy-back Mandate, and to seek Shareholders' approval for the same at the 2019 AGM. The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

2.1.1 At the Company's AGM held on 24 October 2018, Shareholders approved the renewal of the Share Buy-back Mandate, such mandate being expressed to take effect until the conclusion of the next AGM or the date by which such AGM is required by law or the Constitution to be held; unless prior thereto, Share Buy-backs are carried out to the full extent mandated or the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting. Accordingly, the Directors propose that the Share Buy-back Mandate be renewed at the 2019 AGM.

2.1.2 The terms in respect of which the Share Buy-back Mandate is sought to be renewed are set out in this Appendix.

2.1.3 Subject to its continued relevance to the Company, the Share Buy-back Mandate will be put to Shareholders for renewal at each subsequent AGM.

2.2 Rationale for the Share Buy-back Mandate

2.2.1 The rationale for the renewal of the Share Buy-back Mandate is as follows:

(a) the Share Buy-back Mandate will give the Company the flexibility to carry out Share Buy-backs if and when circumstances permit. The Board believes that Share Buy-backs would allow the Company and the Board to better manage the Company's share capital structure, dividend payout and cash reserves.

(b) the Share Buy-back Mandate also provides the Board with a mechanism to facilitate the return of surplus cash over and above the Company's ordinary capital requirements in an expedient and cost-efficient manner, and the opportunity to exercise control over the Company's share capital structure with a view to enhancing the EPS and/or NAV per Share.

(c) the Board believes that Share Buy-backs may help the Company to mitigate short term market volatility in the Company's share price, offset the effects of short term speculation and bolster Shareholders' confidence.

2.2.2 Shares purchased or otherwise acquired pursuant to the Share Buy-back Mandate may be held or dealt with as treasury shares, which may be utilised pursuant to the UG Healthcare Corporation Employee Share Option Scheme1 and/or the UG Healthcare Corporation Performance Share Plan[1].

2.2.3 If and when circumstances permit, the Board will decide (i) whether to exercise the Share Buy-back Mandate through on-market purchases or off-market purchases of Shares; and (ii) whether the Shares purchased or acquired should be held as treasury shares or cancelled, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

2.2.4 **Shareholders should note that Share Buy-backs will only be made when the Board believes that such Share Buy-backs would be made in circumstances which would not have a material adverse effect on the financial position of the Company and the Group, and when the Board believes that such Share Buy-backs would be in the best interest of the Company and its Shareholders.**

1 Both the UG Healthcare Corporation Employee Share Option Scheme ("**UG Healthcare Corporation ESOS**") and the UG Healthcare Corporation Performance Share Plan ("**UG Healthcare Corporation PSP**") were adopted by the Company on 11 November 2014. Please refer to the Company's Offer Document dated 28 November 2014 for further details on the UG Healthcare Corporation ESOS and the UG Healthcare Corporation PSP.

2.3 Authority and limits on the Share Buy-back Mandate

The authority and limitations placed on the Share Buy-backs under the Share Buy-back Mandate are as follows:

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired is limited to such number of Shares representing not more than 10.0% of the total issued and paid-up Shares as at the Approval Date, unless, at any time during the Relevant Period, the Company has reduced its share capital by way of a special resolution under Section 78C of the Companies Act, or the Court has made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Shares which are held by the Company as treasury shares and subsidiary holdings will be disregarded for the purposes of calculating this 10.0% limit.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company comprising 193,297,531 Shares as at the Latest Practicable Date, and assuming that (i) no further Shares are issued and no changes are made to the share capital of the Company; (ii) no further Shares are purchased or held by the Company as treasury shares or cancelled; (iii) no further Shares are held as subsidiary holdings on or prior to the 2019 AGM, not more than 19,329,753 Shares (representing 10.0% of the total Shares excluding treasury shares and subsidiary holdings as at the date of the 2019 AGM) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

As at the Latest Practicable Date, the Company does not hold any treasury shares nor are there subsidiary holdings.

2.3.2 Duration of authority

Under the Share Buy-back Mandate, Share Buy-backs may be made during the Relevant Period, at any time and from time to time, from the Approval Date up to the earlier of:

(a) the date on which the next AGM is held or is required by law or the Constitution to be held;

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

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

The authority conferred by the Share Buy-back Mandate may be renewed at each AGM or any other general meeting of the Company, subject to its continued relevance to the Company.

2.3.3 Manner of Share Buy-backs

Share Buy-backs under the Share Buy-back Mandate may be made by way of:

(a) on-market purchases transacted on the SGX-ST or through any other securities exchange on which the Shares may, for the time being, be listed ("**Market Purchases**"); and/or

(b) off-market purchases transacted otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act) ("**Off-Market Purchases**").

In an Off-Market Purchase, the Directors may impose such terms and conditions as are consistent with the Share Buy-back Mandate, the Catalist Rules, the Companies Act, the Constitution and other applicable laws and regulations as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme. Under the Companies Act, an Off-Market Purchase must satisfy all the following conditions:

(a) offers for the Share Buy-backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

 (i) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;

(ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(ii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the Share Buy-back;

(d) the consequences, if any, of Share Buy-backs by the Company that will arise under the Take-over Code or other applicable takeover rules;

(e) whether the Share Buy-backs, if made, would have any effect on the listing of the Shares on the Catalist;

(f) details of any Share Buy-backs made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Buy-backs, where relevant, and the total consideration paid for the Share Buy-backs; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum purchase price

The purchase price per Share (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share to be purchased or acquired will be determined by the Directors. However, the purchase price per Share to be paid as determined by the Directors must not exceed:

(a) 105.0% of the Average Closing Price (as defined hereinafter) for a Market Purchase; and

(b) 120.0% of the Average Closing Price (as defined hereinafter) for an Off-Market Purchase,

(the "**Maximum Price**") excluding related expenses of the Share Buy-back.

For the purposes of determining the Maximum Price above:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 Market Days on which transactions in the Shares were recorded immediately preceding the day of the Market Purchase by the Company or, as the case may be, the Offer Date (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-Market Day period; and

"**Offer Date**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased or acquired Shares under the Share Buy-back Mandate

2.4.1 A Share purchased or otherwise acquired by the Company under a Share Buy-back is deemed cancelled immediately on completion of the Share Buy-back (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or otherwise acquired by the Company and which are not held as treasury shares.

2.4.2 Any Shares purchased or acquired by the Company under a Share Buy-back (which are not held by the Company as treasury shares to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) the certificates in respect thereof will be cancelled by the Company as soon as reasonably practicable following settlement of any Share Buy-back.

2.4.3 At the time of each Share Buy-back, the Company may decide whether the Shares purchased or otherwise acquired will be cancelled or held as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

2.5 Treasury shares

Under the Companies Act, Shares purchased or otherwise acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

Maximum holdings

2.5.1 The number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within 6 months beginning on the date on which that contravention occurs or such further periods as ACRA may allow.

2.5.2 The Company has no Shares held as treasury shares as at the Latest Practicable Date. Assuming no changes to the share capital of the Company during the Relevant Period, the maximum number of Shares that may be held as treasury shares is 19,329,753 treasury shares.

Voting and other rights

2.5.3 The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

2.5.4 In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. The subdivision or consolidation of treasury shares into greater or smaller numbers is allowed so long as the total value of the treasury shares after such subdivision or consolidation is same as before the subdivision or consolidation, as the case may be.

Disposal and cancellation

2.5.5 Where Shares are held as treasury shares, the Company may at any time (subject to the Take-over Code):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

2.5.6 Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**Usage**"). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of treasury shares comprised in the Usage, the number of treasury shares before and after the Usage, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the Usage and the value of the treasury shares comprised in the Usage.

2.6 Reporting requirements

2.6.1 Within 30 days of the passing of a Shareholders' ordinary resolution to approve any Share Buy-back, the Company shall lodge a copy of such resolution with ACRA.

2.6.2 The Company shall notify the ACRA, using the prescribed form, within 30 days of a Share Buy-back on the Catalist or otherwise. Such notification shall include details of the Share Buy-back, such as the date of the Share Buy-backs, the total number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the Share Buy-back, the amount of consideration paid by the Company for the Share Buy-back, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required by ACRA.

2.6.3 Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

2.6.4 The Catalist Rules specify that a listed company must make an announcement on SGXNET of all purchases or acquisitions of its shares no later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the date the Market Purchase was made; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

2.6.5 The announcement must be in the form of Appendix 8D prescribed by the Catalist Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary announcements.

APPENDIX TO SHAREHOLDERS

2.7 Source of funds

2.7.1 In purchasing or acquiring its Shares, the Company may only apply funds legally available for Share Buy-backs in accordance with the applicable laws of Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase or otherwise acquired, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

2.7.2 Under the Companies Act, Share Buy-backs may be made out of the Company's distributable profits or capital so long as the Company is solvent. In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

Pursuant to Section 76F(4) of the Companies Act, a company is "solvent" if the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if,

(i) it is intended to commence the winding up of the company within the period 12 months immediately after the date of payment, the company will be able to pay its debts as they fall due during the period of 12 months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

2.7.3 The Company intends to use internal sources of funds or external borrowings, or a combination of internal resources and external borrowings to finance the Company's Share Buy-backs pursuant to the Share Buy-back Mandate. The Directors do not propose to exercise the Share Buy-back Mandate in a manner and to such extent that it would have a material adverse effect on the financial position, liquidity and/or the capital adequacy of the Group.

2.8 Financial effects

2.8.1 The financial effects on the Company and the Group arising from Share Buy-backs pursuant to the Share Buy-back Mandate will depend on, inter alia, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number and price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled.

2.8.2 **The Share Buy-back scenarios discussed below are for illustrative purposes only**, to illustrate the financial effects on the Company and the Group arising from Share Buy-backs pursuant to the Share Buy-back Mandate under those scenarios, based on the audited financial statements of the Company and the Group for FY2019, and under the following principal assumptions:

(a) The Share Buy-backs pursuant to the Share Buy-back Mandate had been effective on 1 July 2018 for the purpose of computing the financial effects on the EPS/LPS of the Company and Group;

(b) The Share Buy-backs pursuant to the Share Buy-back Mandate had taken place on 30 June 2019 for the purpose of computing the financial effects on shareholders' equity, NTA per share, current ratio and gearing ratio of the Company and Group;

(c) Based on a total of 193,297,531 Shares in issue as at the Latest Practicable Date, and assuming no change in the number of Shares on or prior to the Approval Date, the Company carried out Share Buy-backs in respect of 19,329,753 Shares representing 10.0% of the total number of Shares (excluding treasury shares and subsidiary holdings);

(d) **In the scenarios where the Company makes Market Purchases:** Assuming that the Company purchases or acquires 19,329,753 Shares at the Maximum Price of approximately S$0.176 (being the price equivalent to 105.0% of the Average Closing Price of the Shares over the last 5 Market Days on which the Shares were transacted on SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the Share Buy-back of 19,329,753 Shares would be approximately S$3.398 million;

(e) **In the scenarios where the Company makes Off-Market Purchases:** Assuming that the Company purchases or acquires 19,329,753 Shares at the Maximum Price of approximately S$0.201 (being the price equivalent to 120.0% of the Average Closing Price of the Shares over the last 5 Market Days on which the Shares were transacted on SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the Share Buy-back of 19,329,753 Shares would be approximately S$3.883 million;

(e) Transaction costs incurred for the Share Buy-backs pursuant to the Share Buy-back Mandate have been assumed to be insignificant and hence have been disregarded for the purpose of computing the financial effects; and

(g) The Share buy-back will be funded by the Company solely from external borrowings.

<u>Illustrative Financial Effects</u>

2.8.3 **For illustrative purposes only**, and based the assumptions set out above, the financial effects of the:

(a) Share Buy-backs of 19,329,753 Shares by the Company made entirely out of capital and the purchased Shares are held in treasury; and

(b) Share Buy-backs of 19,329,753 Shares by the Company made entirely out of capital and the purchased Shares are cancelled;

on the audited financial statements of the Company and the Group for FY2019 are set out in the following pages.

2.8.4 Other than as described in Section 2.8.2 above, the financial effects of Share Buy-backs by the Company by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, and solely for purposes of illustration, only the financial effects of Share Buy-backs by way of purchases made out of capital are set out in this Appendix.

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Scenario 1 – Market Purchases of 19,329,753 Shares out of capital and held as treasury shares

	Group			Company		
	Before Share Buy-Back (S$'000)	After Market Purchases (S$'000)	After Off-Market Purchases (S$'000)	Before Share Buy-Back (S$'000)	After Market Purchases (S$'000)	After Off-Market Purchases (S$'000)
As at 30 June 2019						
Share capital	37,473	37,473	37,473	37,473	37,473	37,473
Treasury shares	–	3,398	3,883	–	3,398	3,883
Non-controlling interest	1,036	1,036	1,036	–	–	–
Total equity	43,364	43,364	43,364	50,390	50,390	50,390
NTA(1)	42,031	42,031	42,031	50,390	50,390	50,390
Current assets	61,750	61,750	61,750	20,899	20,899	20,899
Current liabilities	46,424	49,822	50,307	3,130	6,528	7,013
Working capital	15,326	11,928	11,443	17,769	14,371	13,886
Total borrowings(2)(3)	52,524	55,922	56,407	3,130	6,528	7,013
Cash and bank balances	4,871	4,871	4,871	155	155	155
Net Profit/(Loss) attributable to owners of the Company	2,507	2,507	2,507	(662)	(662)	(662)
Number of Shares excluding treasury shares	193,297,531	173,967,778	173,967,778	193,297,531	173,967,778	173,967,778
<u>Financial Ratios</u>						
NTA per share (cents)(4)	21.74	24.16	24.16	26.07	28.97	28.97
EPS/(LPS) (cents)(5)	1.30	1.44	1.44	(0.34)	(0.38)	(0.38)
Gearing ratio (times)(6)	1.21	1.29	1.30	N.M.	0.13	0.14
Current ratio (times)(7)	1.33	1.24	1.23	6.68	3.20	2.98

N.M. – not meaningful

Notes:-

(1) NTA equals total equity less non-controlling interest and intangible assets.

(2) The Company will procure loans from external sources such as financial institutions of an amount sufficient to finance the Share Buy-backs being S$3.398 million for Market Purchases and S$3.883 million for Off-Market Purchases.

(3) Total borrowings consist of total liabilities (excluding deferred tax liabilities).

(4) NTA per Share is computed based on the NTA (i.e. net assets less intangible assets and non-controlling interests) divided by the number of Shares in issue (excluding treasury shares and subsidiary holdings).

(5) EPS/LPS has been computed based on FY2019 net profit/loss attributable to owners of the Company divided by the number of Shares in issue (excluding treasury shares).

(6) Gearing equals total borrowings divided by total equity.

(7) Current ratio equals current assets divided by current liabilities.

APPENDIX TO SHAREHOLDERS

Scenario 2 – Market Purchases of 19,329,753 Shares out of capital and cancelled

	Group			Company		
	Before Share Buy-Back (S$'000)	After Market Purchases (S$'000)	After Off-Market Purchases (S$'000)	Before Share Buy-Back (S$'000)	After Market Purchases (S$'000)	After Off-Market Purchases (S$'000)
As at 30 June 2019						
Share capital	37,473	34,075	33,590	37,473	34,075	33,590
Non-controlling interest	1,036	1,036	1,036	–	–	–
Total equity	43,364	43,364	43,364	50,390	50,390	50,390
NTA[(1)]	42,031	42,031	42,031	50,390	50,390	50,390
Current assets	61,750	61,750	61,750	20,899	20,899	20,899
Current liabilities	46,424	49,822	50,307	3,130	6,528	7,013
Working capital	15,326	11,928	11,443	17,769	14,371	13,886
Total borrowings[(2)(3)]	52,524	55,922	56,407	3,130	6,528	7,013
Cash and bank balances	4,871	4,871	4,871	155	155	155
Net Profit/(Loss) attributable to owners of the Company	2,507	2,507	2,507	(662)	(662)	(662)
Number of Shares excluding treasury shares	193,297,531	173,967,778	173,967,778	193,297,531	173,967,778	173,967,778
Financial Ratios						
NTA per share (cents)[(4)]	21.74	24.16	24.16	26.07	28.97	28.97
EPS/(LPS) (cents)[(5)]	1.30	1.44	1.44	(0.34)	(0.38)	(0.38)
Gearing ratio (times)[(6)]	1.21	1.29	1.30	N.M.	0.13	0.14
Current ratio (times)[(7)]	1.33	1.24	1.23	6.68	3.20	2.98

N.M. – not meaningful

Notes:-

(1) NTA equals total equity less non-controlling interests and intangible assets.

(2) The Company will procure loans from external sources such as financial institutions of an amount sufficient to finance the Share Buy-backs being S$3.398 million for Market Purchases and S$3.883 million for Off-Market Purchases.

(3) Total borrowings consist of total liabilities (excluding deferred tax liabilities).

(4) NTA per Share is computed based on the NTA (i.e. net assets less intangible assets and non-controlling interests) divided by the number of Shares in issue (excluding treasury shares and subsidiary holdings).

(5) EPS/LPS has been computed based on FY2019 net profit/loss attributable to owners of the Company divided by the number of Shares in issue.

(6) Gearing equals total borrowings divided by total equity.

(7) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out above are based on the above-mentioned assumptions and are purely for purposes of illustration only. In particular, it is important to note that the above illustration is based on historical audited financial statements for FY2019 and is not necessarily representative of future financial performance.

The actual impact will depend on the number and price of the share bought back. As stated, the Directors do not propose to exercise the Share Buy-back Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of the shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing marketing conditions. The Share Buy-back Mandate will be exercised with a view to enhance the EPS and/or NAV per share of the Group.

Although the Share Buy-back Mandate would authorise the Company to purchase or otherwise acquire up to 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the full 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or acquired, or hold all or part of the Shares purchased or acquired as treasury shares. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of shares) in assessing the relative impact of a share before execution.

2.9 Tax implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a Share Buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.10 Requirements under the Catalist Rules

Listing Status

2.10.1 Rule 723 of the Catalist Rules require a listed company to ensure that at least 10.0% of its total number of its issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public. The "public", as defined under the Catalist Rules, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company or its subsidiaries, and the associates of such persons.

2.10.2 As at the Latest Practicable Date, there are 61,863,221 Shares representing approximately **32%** of the total number of issued Shares are held by the public shareholders. **For illustrative purposes only**, assuming the Company undertakes Share Buy-backs up to the full 10.0% limit pursuant to the Share Buy-back Mandate, the number of issued Shares held by the public would be reduced to 42,533,468 Shares representing approximately 24.45% of the total number of issued Shares. The Company does not have any individual shareholding limit or foreign shareholding limit.

2.10.3 Accordingly, the Directors are of the view that there is, at present, a sufficient number of Shares held by the public which would permit the Company to undertake Share Buy-backs to the full 10.0% limit pursuant to the Share Buy-back Mandate.

2.10.4 In undertaking any Share Buy-backs, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient number of Shares remain in public hands so that the Share Buy-backs will not (i) adversely affect the listing status of the Shares on Catalist; (ii) cause market illiquidity; and (iii) adversely affect the orderly trading of the Shares.

Restrictions on Share Buy-backs

2.10.5 While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares. As such, the Company will not undertake any Share Buy-backs pursuant to the Share Buy-back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalist Rules.

2.10.6 Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not undertake any Share Buy-backs through Market Purchases or Off-Market Purchases during the period commencing 2 weeks before the announcement of the Group's financial statements for the first 3 quarters of its financial year and 1 month before the announcement of the Group's full year results.

2.11 Take-over Implications

2.11.1 Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any Share Buy-backs are set out below:

Obligation to make a take-over offer

(a) If, as a result of any Share Buy-back, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

Pursuant to Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30.0% or more or, if they, together holding between 30.0% and 50.0% of the Company's voting rights, increase their voting rights in the Company by more than 1.0% in any period of 6 months.

Persons acting in concert

(b) Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, *inter alia*, the following persons will, be presumed to be acting in concert:

(i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(ii) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

(vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Effect of Rule 14 and Appendix 2 of the Take-over Code

2.11.2 In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company carrying out a Share Buy-back, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of 6 months. The Directors and their concert parties will be exempted from the requirement to make a take-over offer subject to certain conditions as set out in the Take-over Code, including, *inter alia*:

(a) the inclusion in the Appendix to Shareholders on the resolution to authorise the Share Buy-back Mandate advice to the effect that by voting for the resolution to authorise the Share Buy-back Mandate, Shareholders are waiving their right to a take-over offer at the required price from the Directors and parties acting in concert with them who, as a result of the Company carrying out a Share Buy-back, would increase their voting rights to 30.0% or more, or, if they together hold between 30.0% and 50.0% of the Company's voting rights, would increase their voting rights by more than 1.0% in any period of 6 months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after Share Buy-backs pursuant to the Share Buy-back Mandate; and

(b) the submission to the SIC by each of the Directors of an executed form as prescribed by the SIC within 7 days of the passing of the resolution to authorise the Share Buy-back Mandate.

2.11.3 Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company carrying out a Share Buy-back, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-back Mandate unless so required under the Companies Act.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer under the Take-over Code would arise by reason of any Share Buy-backs by the Company.

Application of the Take-over Code

2.11.4 Details of the shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date are set out in Section 3 below.

2.11.5 As at the Latest Practicable Date:

(a) our Chief Executive Officer and Executive Director, Mr. Lee Keck Keong;

(b) our Executive Director and Finance Director, Mr. Lee Jun Yih;

(c) our Executive Director, Mr. Lee Jun Linn; and

(d) our Controlling Shareholder, Ms. Sim Ai Cheng

(collectively, the "**Relevant Shareholders**") whereby Mr. Lee Keck Keong is the father and Ms Sim Ai Cheng is the mother of Mr. Lee Jun Yih and Mr. Lee Jun Linn, and hence are presumed to be parties acting in concert in relation to their interests in the Company.

2.11.6 As at the Latest Practicable Date, the Relevant Shareholders hold an aggregate of 121,994,684 Shares, representing approximately 63.11% of the voting rights in the Company.

2.11.7 As the Relevant Shareholders hold more than 50.0% of the voting rights in the Company, the Relevant Shareholders and parties acting in concert with them are not expected to incur an obligation to make a mandatory take-over offer for the Shares under Rule 14.1 of the Take-over Code as a result of the Company buying back its Shares under the Share Buy-back Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Buy-back pursuant to the Share Buy-back Mandate are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-back Mandate is in force.

2.12 Shares Purchased in the Previous 12 Months

No Share Buy-backs have been undertaken by the Company in the 12 months preceding the Latest Practicable Date.

APPENDIX TO SHAREHOLDERS

3. DISCLOSURE OF SHAREHOLDINGS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Lee Keck Keong[(1)]	–	–	120,368,643	62.27
Lee Jun Yih[(1)]	913,878	0.47	120,368,643	62.27
Lee Jun Linn[(1)]	712,163	0.37	120,368,643	62.27
Wong See Keong	9,439,626	4.88	–	–
Substantial Shareholders				
Zen UG Pte. Ltd.[(1)]	95,675,835	49.50	–	–
Raydion Direct Global Inc.[(1)]	24,692,808	12.77	–	–
Sim Ai Cheng[(1)(2)]	–	–	120,368,643	62.27

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.

4. DIRECTORS' RECOMMENDATION

The Directors, having carefully considered, among others, the rationale and terms of the proposed renewal of the Share Buy-back Mandate, are of the opinion that it is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of relating to the proposed renewal of the Share Buy-back Mandate at the 2019 AGM.

5. ANNUAL GENERAL MEETING

The 2019 AGM, notice of which is set out on pages 124 to 129 of the Annual Report, will be held on 24 October 2019 at 2.00 p.m. at YMCA of Singapore, One Orchard Road, Singapore 238824 for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolutions set out in the Notice of AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2019 AGM and who wish to appoint a proxy or proxies to attend and vote at the 2019 AGM on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive 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 48 hours before the time fixed for the 2019 AGM or any postponement or adjournment thereof. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM if he wishes to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the 2019 AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, during normal business hours from the date of this Appendix up to the date of the 2019 AGM:

(a) the Constitution; and

(b) the Annual Report of the Company for the financial year ended 30 June 2019.

Yours faithfully,

For and on behalf of the Board of Directors
UG Healthcare Corporation Limited
Mr. Yip Wah Pung
Non-Executive Chairman and Independent Director
9 October 2019

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
and Finance Director

Mr. Wong See Keong
Executive Director

Mr. Lee Jun Linn
Executive Director

Mr. Lim Teck Chai, Danny
Independent Director

Mr. Ng Lip Chi, Lawrence
Independent 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. Ng Lip Chi, Lawrence
Mr. Yip Wah Pung
Mr. Lee Keck Keong

COMPANY SECRETARY

Ms. Sharon Yeoh Kar Choo, ACIS

REGISTERED OFFICE

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Singapore 189767
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Fax: (60) 6677 2755
Website: www.ughealthcarecorporation.com

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road,
#03-00 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 BANKERS

Citibank, N.A.
CTBC Bank Co., Ltd
Overseas-Chinese Banking Corporation Limited, Singapore
OCBC Bank (Malaysia) Berhad
United Overseas Bank Limited, Singapore
United Overseas Bank (Malaysia) Berhad

CONTINUING SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542
Tel: (65) 6232 3210
Registered professional: Ms. Tay Sim Yee

INVESTOR RELATIONS

Octave FinComm Private Limited
富登财经通讯私人有限公司
Email: enquiry@octavecomms.com

BOLSTERING OUR POTENTIAL
Annual Report 2019

UG HEALTHCARE CORPORATION LIMITED
(Unique Entity No. : 201424579Z)

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