



UG Healthcare Corporation Limited

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

SGX Stock Code: 8K7

website: www.ughealthcarecorporation.com

VOLUNTARY BUSINESS UPDATE FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020 (“1Q FY2021”)

The board of Directors (the “**Board**”) of UG Healthcare Corporation Limited (the “**UG Healthcare**” or “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to update shareholders in this voluntary business update on its financial performance for the financial quarter ended 30 September 2020 (“**1Q FY2021**”). The financial performance for 1Q FY2021 are based on the preliminary assessment of the Group’s latest unaudited consolidated management accounts.

Key Financial Highlights:

FYE 30 Jun (S\$’000)	1Q FY2021	1Q FY2020	YoY Change	FY2020
Revenue	71,178	26,302	> 100.0%	144,209
Gross profit	43,125	4,976	> 100.0%	42,519
Gross margin	60.6%	18.9%	+ 41.7 pp	29.5%
Profit/(Loss) before tax	35,872	(70)	N.M.	18,057
Net profit/(loss) after tax	25,717	(248)	N.M.	15,086
Net profit attributable to owners of the Company	22,679	305	> 100.0%	13,402
Net margin	31.9%	1.2%	+ 30.7 pp	9.3%

- The Group’s current upstream manufacturing capacity of 2.9 billion pieces of gloves per annum is operating at its optimum efficiency, producing both nitrile and natural latex examination gloves, with around 85% of gloves sold in the Group’s own-brand “Unigloves”, through the Group’s own downstream distribution companies.
- Revenue in 1Q FY2021 more than doubled year-on-year, mainly due to higher volume of gloves sold and average selling prices on the back of stronger demand for disposable gloves and supply constraints.
- Gross margin increased significantly as the Group recorded higher margins for both its upstream manufacturing and downstream distribution businesses, driven by the Group’s Original Brand Manufacturing business model.
- Operating expenses were relatively stable and finance costs were reduced with lower borrowings. Net profit attributable to owners of the Company increased in tandem with higher revenue.

Note: 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.

Revenue Analysis by Key Markets

FYE 30 June (S\$'000)	1Q FY2021	1Q FY2020	Increase (%)	FY2020
Europe	30,780	10,905	> 100.0	51,798
North America	4,893	3,814	+ 28.3	19,706
South America	21,926	6,488	> 100.0	47,489
Africa	4,391	1,486	> 100.0	7,022
Asia	7,012	2,069	> 100.0	13,019
Others	2,176	1,540	+ 41.3	5,175
Total	71,178	26,302	> 100.0	144,209

- The Group continues to support the growing demand through its own downstream distribution companies in all the key markets for both developed and developing countries. Currently, the distribution companies have to manage the allocated inventory on a very tight schedule based on just-in-time delivery.

Financial Position

FYE 30 Jun (S\$'000)	As at 30 September 2020	As at 30 June 2020
Total equity	98,963	54,272
Cash and bank balances	24,138	9,292
Long-term bank borrowings	7,740	4,595
Short-term bank borrowings	13,407	30,520

- Cash and bank balances increased due to stronger operating cash flow and bolstered by the placement of 7.5 million new shares in August 2020 raising total net proceeds of S\$18.4 million.
- Short-term borrowings were reduced significantly on the back of stronger operating cash flow.
- Strengthened balance sheet puts the Group in net cash position.
- The net asset value per share was 16.09 Singapore cents as at 30 September 2020, up from 9.23 Singapore cents (after share split) as at 30 June 2020.

(Note: Net asset value per share were computed based on the share capital of 614.98 million shares as at 30 September 2020 and 588.28 million shares (post-split) as at 30 June 2020.)

Mr. Lee Jun Yih, Executive Director and Finance Director of UG Healthcare said, **“We will continue to cultivate demand for our proprietary “Unigloves” range of disposable examination gloves, and look into expanding the range of ancillary healthcare products which we can market and sell through our entrenched downstream distribution networks worldwide. We believe that our Group’s strategy will drive production volume in our upstream manufacturing, and enhance flexibility and sustainability in our business operations.”**

Progress on Capacity Expansion



The Group is on track to achieve its production capacity expansion plans to cope with the higher demand. The plans include:

- i) increasing production capacity by 500 million pieces of gloves per annum, bringing the Group's total production capacity to 3.4 billion pieces of gloves by end March 2021, and
- ii) constructing a new production facility on the newly acquired land, in close proximity to the Group's existing manufacturing facilities, for a production capacity of 1.2 billion pieces of gloves per annum by end June 2021.

“We expect the Group to benefit from further economies of scale with these additional capacities beyond FY2021,” added Mr. Lee.

Utilisation of the Net Proceeds

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

Purpose	Amount allocated as stated in placement announcement dated 18 August 2020		Amount utilised	
	(%)	(S\$'million)	(%)	(S\$'million)
a) Capital expenditure for production capacity expansion plans	85 – 90	15.6 – 16.6	20	3.7 ⁽¹⁾
b) General working capital	10 – 15	1.8 – 2.8	5	0.9 ⁽²⁾
Total:	100	18.4	25	4.6

Notes:

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

Cautionary Statement

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take, should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers before trading in or making any investment decision regarding the Company's securities.

By Order of the Board

UG Healthcare Corporation Limited

Lee Keck Keong

Executive Director and CEO

5 November 2020

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

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

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