UGHEALTHCARE CORPORATION

(Incorporated in Singapore with Unique Entity No.: 201424579Z)
website: www.ughealthcarecorporation.com
SGX stock code: 8K7

(A) PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE ACTIVE RETIREMENT HOMES, HEALTHCARE AND WELLNESS BUSINESS

(B) PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF INDIGO TEGUH SDN BHD

---

1. INTRODUCTION

The Board of Directors ("**Board**" or the "**Directors**") of UG Healthcare Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that it has on 14 October 2022 entered into a share sale agreement (the "**SSA**") with Lee Keck Keong (the "**Vendor**"), the Executive Director and Chief Executive Officer of the Company, in relation to the proposed acquisition by the Company of 100% of the share capital of Indigo Teguh Sdn Bhd (the "**Target Company**") from the Vendor for an aggregate consideration of RM100 on the terms and conditions of the SSA (the "**Proposed Acquisition**"). On completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

The Proposed Acquisition constitutes a "disclosable transaction" under Chapter 10 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"). Please refer to paragraph 3.8 for further details on the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules.

In connection with the Proposed Acquisition, the Company intends to diversify the existing glove manufacturing and distribution business of the Group to include the active retirement homes, healthcare and wellness business (the "**Proposed Diversification**").

The Company intends to seek shareholders' approval at an extraordinary general meeting ("**EGM**") to be convened for the Proposed Diversification.

2. THE PROPOSED DIVERSIFICATION

2.1. The Proposed New Business

Subject to the approval of shareholders for the Proposed Diversification being obtained, the Group intends to expand its existing glove manufacturing and distribution business to include the active retirement homes, healthcare and wellness business (the "**Proposed New Business**"), as and when appropriate opportunities arise.

The Proposed Acquisition, comprising the Active Retirement Home Project (as defined under paragraph 3.4) and the Healthcare Project (as defined below in paragraph 3.4), and the Proposed Diversification, will pave the way for the Company to invest into and engage in other sub-segments of the Proposed New Business in the future, including but not limited to western medicine or traditional Chinese medicine ("**TCM**"), wellness or mental health centres, retreats, hotels, resorts, and hospitals.

The Group also proposes, as part of the Proposed New Business, to invest or acquire from time to time any interest, including assets, investments or shares in companies and/or entities in line with the Proposed New Business.

The Group intends to commence the Proposed New Business in Malaysia with the Proposed Acquisition and may expand to other markets in Asia, as well as other global markets, in the future.

2.2. Rationale for the Proposed Diversification

The Group believes that the Proposed Diversification will contribute positively to the Company and provide the following benefits to the Group:

(a) Additional and Recurrent Revenue Streams

The Group is of the view that the Proposed New Business is expected to provide additional and recurrent revenue streams for the Group from the Proposed New Business. The Group will venture into the Proposed New Business prudently by working with its strategic partners, with a view of enhancing shareholder value over the long-term and achieving long-term growth.

(b) Diversified Business

The Proposed Diversification is expected to provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on its existing core business for its revenue streams and promote sustainability in performance.

(c) Enhancement of Shareholders' Value

The Proposed Diversification is part of the corporate strategy of the Group to provide shareholders with diversified returns and long-term growth. It may provide the Group with additional funds, which can be channelled towards the enhancement of shareholder value in the long-term. Additionally, the Company believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance shareholders' value for the Company

(d) Positive Prospects

The Company believes there is increasing demand for good quality retirement facilities, healthcare and wellness services due to the trend of an ageing population across Asia and other regions. Moreover, the active eldercare and healthcare industry is a comparatively stable market, largely independent of cyclical business and market fluctuations. The diversification of the Group into the Proposed New Business is therefore part of its strategy to minimize risks from such fluctuations.

2.3. Shareholders' Approval

The Proposed Diversification involves a new business which is substantially different from the existing business of the Group and is envisaged to change the risk profile of the Group. Pursuant to the Catalist Rules, shareholders' approval is therefore required for the Proposed Diversification. Further information of the Proposed Diversification will be included in the Circular (as defined below) to be dispatched or released to shareholders in due course.

3. THE PROPOSED ACQUISITION

3.1. Information on the Vendor

The Vendor is the Executive Director and Chief Executive Officer of the Company. As at the date of this announcement, the Vendor is also a controlling shareholder of the Company with an interest (direct and deemed) in 60.07% of the total share capital of the Company.

The Vendor is the father of Mr. Lee Jun Yih (Executive Director, Finance Director and controlling shareholder of the Company) and Mr. Lee Jun Linn (Executive Director, Chief Operating Officer and controlling shareholder of the Company), and the spouse of Ms. Sim Ai Cheng (controlling shareholder of the Company).

As at the date of this announcement, other than as disclosed in this paragraph 3.1, the Vendor (i) does not have any existing interest (whether direct or deemed) in shares of the Company ("**Shares**"); and (ii) is not related to any of the Directors, substantial shareholders of the Company, or their respective associates.

Other than as disclosed in this paragraph 3.1, there is also no connection (including business relationship between the Vendor and the Directors or substantial shareholders of the Company.

3.2. Information on the Target Company

The Target Company is a private limited company incorporated in Malaysia on 20 April 2022 and is an investment holding company.

The Vendor is the sole director and shareholder of the Target Company. As of the date of this announcement, the Target Company has a total issued and paid-up capital of RM100, comprising 100 ordinary shares (the "**Sale Shares**"), which are wholly owned by the Vendor.

The Target Company has agreed to provide funding to Lumayan (as defined below in paragraph 3.3) in the sum of RM33,300,000, to be used towards the Balance Land Purchase Price (as defined below in paragraph 3.3) for the acquisition of the Land (as defined below in paragraph 3.3) by Lumayan from Ascolte (as defined below in paragraph 3.3) pursuant to the SPA (as defined below in paragraph 3.3) entered into between Lumayan and Ascolte.

The Target Company is also party to the Development Agreement (as defined below in paragraph 3.3) and the Partnership Agreement (as defined below in paragraph 3.3) in respect of the Land. Please refer to paragraphs 3.3 and 3.4 for further information on the SPA, the Development Agreement and the Partnership Agreement.

3.3. Information on the SPA

Lumayan Sejati Sdn Bhd ("**Lumayan**") had entered into a sale and purchase agreement dated 5 August 2022 with Ascolte (M) Sdn Bhd ("**Ascolte**") (the "**SPA**") to acquire certain pieces of freehold Malay reserved land located in the State of Johor (the "**Land**") in close proximity to the newly-opened Desaru Ferry Terminal, the details of which are set out in Schedule 1, for an aggregate consideration of RM37,000,000 (the "**Land Purchase Price**") on the terms and conditions of the SPA.

The Land Purchase Price is payable as follows:

(a) a sum of RM400,000 (the "**Earnest Deposit**") to be paid by Lumayan to Ascolte's solicitors prior to the date of the SPA;

(b) a sum of RM3,300,000 (the "**Balance Deposit**" and together with the Earnest Deposit, the "**Deposit**") to be paid by Lumayan to Ascolte's solicitors on the date of the SPA; and

(c) the balance Land Purchase Price of RM33,300,000 (the "**Balance Land Purchase Price**") to be paid by Lumayan to Ascolte's solicitors within 9 months from the date of receipt by Lumayan's solicitors of a certified true copy of the State Consent (as defined below) from Ascolte's solicitors.

The completion of the SPA is conditional on the original consent from the State Authority to the sale and transfer of the Land from Ascolte to Lumayan being obtained ("**State Consent**"). In the event that State Consent cannot be obtained within 6 months from the date of the SPA (the "**Conditional Period**"), the parties mutually agree to further extend the Conditional Period for such period as may be agreed to commence immediately following the expiry of the Conditional Period (the "**Extended Conditional Period**"). In the event that State Consent cannot be obtained within the Extended Conditional Period, Lumayan shall be entitled to either allow a further extension of time for Ascolte to obtain State Consent or terminate the SPA. If such termination takes place, Ascolte shall, or shall procure its solicitors, to refund the Deposit (and any other monies paid by Lumayan under the SPA) to Lumayan.

<u>Funding of the Land Purchase Price</u>

The Vendor agrees to fund the Deposit of RM3,700,000, representing 10% of the Land Purchase Price, and all solicitor's fees and stamp duty and registration fees in respect of the transfer of the Land pursuant to the SPA. As of the date of this announcement, the Deposit has been advanced by the Vendor to Ascolte's solicitors (on behalf of Lumayan) in accordance with the terms of the SPA.

The Target Company agrees to fund the Balance Land Purchase Price of RM33,300,000, representing 90% of the Land Purchase Price, to facilitate the completion of the acquisition of the Land by Lumayan from Ascolte.

In the event that the SPA is terminated not due to the fault of Lumayan, Lumayan shall procure a refund of the Land Purchase Price to the Vendor and/or to the Target Company (as the case may be).

3.4. Information on the Development Agreement and Partnership Agreement

In connection with the Land:

(a) a tripartite exclusive development agreement dated 12 August 2022 was entered into between Lumayan, Lumayan Active Life Sdn Bhd ("**LAL**") and the Target Company (as supplemented by a supplemental agreement dated 27 September 2022, the "**Development Agreement**"); and

(b) a limited liability partnership agreement dated 12 August 2022 was entered into between LAL and the Target Company (as supplemented by a supplemental agreement dated 27 September 2022, the "**Partnership Agreement**").

Under the terms of the Development Agreement and Partnership Agreement, LAL and the Target Company agree to set up joint venture entities ("**JV Entities**") for the purpose of developing the Land and Lumayan agrees to grant the JV Entities an exclusive right to develop the Land. The key terms of the Development Agreement and Partnership Agreement are set out below.

Development Right

Lumayan, as the legal and beneficial owner of the Land following the completion of the SPA, grants an exclusive and sole right to the JV Entities to, amongst others:

(a) develop the Land, with part of the Land to be developed into an active retirement home (the '**Active Retirement Home Project**") and the remaining parts of the Land to be developed into a healthcare and wellness centre (the "**Healthcare Project**" and together with the Active Retirement Home Project, the "**Projects**");

(b) market the Projects locally and internationally; and

(c) manage and operate the Land and Projects on the terms and conditions of the Development Agreement.

LAL shall be responsible for all matters relating to the Active Retirement Home Project and the Target Company shall be responsible for all matters relating to the Healthcare Project (in each case including obtaining approvals from the relevant authorities, operational matters and sourcing for financing).

Development of Land

An area of the Land of about 9.6 acres shall be developed by LAL for the first phase of the Active Retirement Home Project, namely the proposed development of an active retirement home comprising 800 dwelling units or such number as may be approved by the relevant authorities.

The balance of the Land (less such areas that are made for non-commercial usage such as public spaces and amenities and other provisions as stipulated by the relevant authorities) shall be used as follows:

(a) an area of the balance of the Land shall be developed by the Target Company for the Healthcare Project, namely the development of a healthcare and wellness centre; and

(b) the remainder of the balance of the Land shall be developed by LAL for the second phase of the Active Retirement Home Project.

The final acreage for each of the Projects shall be discussed and determined by the parties at a later stage after detailed study and planning.

Incorporation of JV Entities

LAL and the Target Company agree to incorporate the JV Entities, with one JV Entity to be used to develop and manage the Active Retirement Home Project and the other JV Entity to be used to develop and manage the Healthcare Project. The shareholding of the JV Entities shall be as follows:

JV Entity	Shareholding Proportion
JV Entity for the development and management of the Active Retirement Home Project	LAL – 65% Target Company – 35%
JV Entity for the development and management of the Healthcare Project	LAL – 30% Target Company – 55% Vendor – 15%

Profit Sharing

The revenue and profits arising from the Projects which are received or collected by the JV Entities (the "**Project Profits**") shall be utilised in the following priority:

(a) firstly, towards payment of all construction costs, land costs, professional fees, government charges, levies and premium and other expenses and tax in relation to the Projects;

(b) secondly, towards repayment of the funding provided by the Target Company for the acquisition of the Land by Lumayan from Ascolte pursuant to the SPA (i.e., the Balance Land Purchase Price);

(c) thirdly, towards repayment of the funding provided by the Vendor for the acquisition of the Land by Lumayan from Ascolte pursuant to the SPA (i.e., the Deposit);

(d) fourthly, towards contribution to a sinking fund account for each Project and such contribution shall be not more than 20% of all proceeds received or generated from such Project. The sinking fund account shall be used for payment towards operating expenditures or other purpose mutually agreed between the parties; and

(e) lastly, to be distributed between the parties in accordance with their shareholding proportions in the JV Entities.

Lumayan's entitlement of the Project Profits is assigned to the Target Company in consideration of Target Company funding the Balance Land Purchase Price. Accordingly, the parties' entitlement to the Project Profits will be as follows:

Project	Project Profits Entitlement
Active Retirement Home Project	LAL – 65% Target Company – 35%
Healthcare Project	LAL – 30% Target Company – 55% Vendor – 15%
Other Projects[1]	LAL – 65% Target Company – 35%

3.5. Information on Lumayan and LAL

The directors of Lumayan are Dato' Syed Muhammad Bin Tun Syed Nasir, Noor Saadah Binti Abdul Hamid and Mohd Zainudin Bin Mat Amin. The shareholders of Lumayan are Dato' Syed Muhammad Bin Tun Syed Nasir, holding 40% of the capital of Lumayan, Noor Saadah Binti Abdul Hamid, holding 30% of the capital of Lumayan and Mohd Zainudin Bin Mat Amin holding 30% of the capital of Lumayan.

The directors of LAL are Dato' Syed Muhammad Bin Tun Syed Nasir and Datin Khoo Lay Wah. The shareholders of LAL are the Vendor, holding 40% of the capital of LAL, Dato' Tan Ah Chak, holding 40% of the capital of LAL, Dato' Syed Muhammad Bin Tun Syed Nasir, holding 10% of the capital of LAL, and Datin Khoo Lay Wah holding 10% of the capital of LAL.

[1] No specific projects have been identified under this category as at this time and the Group will review any potential opportunities, if any, together with LAL and update shareholders in due course.

Lumayan and LAL are not related companies, save that they have a common director and shareholder, Dato' Syed Muhammad Bin Tun Syed Nasir.

As at the date of this announcement, other than as disclosed in paragraph 3.1 and in this paragraph 3.5 in respect of the Vendor, Lumayan and LAL and their directors and substantial shareholders (i) do not have any existing interest (whether direct or deemed) in the Shares; and (ii) are not related to any of the Directors, substantial shareholders of the Company, or their respective associates.

Other than as disclosed in paragraph 3.1 and this paragraph 3.5 in respect of the Vendor, there is also no connection (including business relationship between Lumayan, LAL, their directors and substantial shareholders), and the Directors or substantial shareholders of the Company.

3.6. Principal Terms of the Proposed Acquisition

3.6.1. The Proposed Acquisition

The Vendor shall sell to the Company, and the Company shall acquire from the Vendor, the Sale Shares, representing 100% of the total share capital of the Target Company on the terms and conditions of the SSA. The Company shall be entitled to all dividends and distributions declared, paid or made in respect of the Sale Shares for any financial year commencing on or after the date of the SSA.

3.6.2. Consideration

The aggregate consideration for the Proposed Acquisition is RM100 (the "**Consideration**"). The Consideration has been deposited by the Company with the Company's solicitors upon execution and, in accordance with the terms of the SSA, will be released by the Company's solicitors to the Vendor when the Condition Precedent (as defined below in paragraph 3.6.4) has been satisfied.

The Consideration for the Proposed Acquisition is a nominal value, taking into consideration that the Target Company has undertaken to fund the Balance Land Purchase Price for the purchase of the Land by Lumayan from Ascolte under the Development Agreement and Partnership Agreement.

3.6.3. Source of Funds

The Consideration of RM100 is intended to be funded by the Group's internal resources.

The Balance Land Purchase Price which the Target Company has agreed to fund on behalf of Lumayan is intended to be funded by the Group's internal resources and bank financing.

3.6.4. Conditions Precedent

Completion of the Proposed Acquisition is conditional on the Company obtaining the requisite approval from its shareholders in respect of the Proposed Diversification (the "**Condition Precedent**"). In the event that the Company fails to satisfy the Condition Precedent, the SSA shall be terminated and the Consideration will be refunded by the Company's solicitors to the Company.

3.6.5. Other Material Terms

The Company undertakes that upon completion of the Proposed Acquisition, the Company will ensure that all of the Target Company's obligations under the Development Agreement and the Partnership Agreement will be carried out.

UNIGLOVES®
KEEPING YOU SAFE

3.7. Financial Information Relating to the Sale Shares

3.7.1. Book Value

Based on the unaudited financial statements of the Target Company for the financial period ended 30 June 2022, the net tangible asset value of the Sale Shares was RM100 and the book value of the Sale Shares was RM100 as at 30 June 2022.

3.7.2. Valuation

The Target Company had appointed an independent valuer, Azmi & Co (Shah Alam) Sdn Bhd. (the "**Independent Valuer**"), to conduct a valuation on the Land. Based on the valuation certificate dated 26 July 2022 (the "**Valuation Certificate**") which was issued by the Independent Valuer, the market value for the Land is RM62,680,000. A copy of the Valuation Certificate has been provided by the Target Company to the Company

The Company will also be engaging the Independent Valuer to conduct an up-to-date valuation of the Land and a summary of the valuation report commissioned by the Company will be included in the Circular to be dispatched or released to shareholders in due course.

3.8. Relative Figures under Rule 1006 of the Catalist Rules

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") are as follows:

Rule 1006		Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable(1)
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits(2)	Not applicable(3)
(c)	The aggregate value of the aggregate consideration given for the Proposed Acquisition compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	9.27%(4) (5)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable (5)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

(1) Not applicable as the Proposed Acquisition is an acquisition of assets.

(2) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(3) The Target Company is dormant since its incorporation and had not derive any profits / loss. In this regard, the computation of net profits attributable to the assets acquired, compared with the Group's net profits is not applicable.

(4) Rule 1003(4)(b) of the Catalist Rules provides that in any provision of financial assistance, for Rule 1006(c) of the Catalist Rules, the reference to "aggregate value of the consideration given or received" shall mean the aggregate value of the financial assistance. The aggregate value of the consideration given for the Proposed Acquisition is therefore based on the aggregate of the (i) Consideration of RM100 (approximately S$31) and (ii) Target Company's undertaking to fund the Balance Land Purchase Price of RM33,300,000 (approximately S$10,183,140).

(5) Based on the Company's market capitalisation S$109,793,343 as at 13 October 2022 (the "**Last Trading Day**"), being the last trading day prior to the signing of the SSA. The market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 623,825,811 Shares, excluding treasury shares) by the VWAP of S$0.176 of the Shares transacted on the Last Trading Day.

(6) Not applicable as no equity securities are issued by the Company as consideration for the Proposed Acquisition.

None of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 75%. The Proposed Acquisition constitutes a "disclosable transaction" as defined in Chapter 10 of the Catalist Rules and approval from shareholders for the Proposed Acquisition is not required.

3.9. Service Contracts

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition and no service contracts in relation thereto are proposed to be entered into by the Company.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition represents an opportunity for the Group to diversify out of its existing gloves business into the business of developing and managing active retirement homes, healthcare and wellness centres. The Proposed Acquisition is in line with the Company's plans for the Proposed Diversification and, if successfully implemented, represents the first step by the Group into a long-term and sustainable business, given the trends of an ageing population across Asia and resulting in an increasing demand for good quality retirement facilities, healthcare and wellness services.

The Land is situated 21km south of the newly-opened Desaru Ferry Terminal in the State of Johor. With the opening of direct ferry routes between Singapore and Desaru, there is direct and easy access to the Desaru Ferry Terminal to the Land.

The Proposed Acquisition also represents an attractive opportunity for the Company as the Vendor is offering to sell the Sale Shares to the Company without running a sale tender process. The valuation of the Land as set out in the Valuation Certificate commissioned by the Target Company is significantly higher than the Land Purchase Price of RM37,000,000, 90% of which the Target Company has undertaken to fund (i.e., the Balance Land Purchase Price) and there is no premium above the cost of purchase of the Land. Moreover, under the terms of the Partnership Agreement, the Project Profits will be used to repay the funding provided by the Target Company towards the Balance Land Purchase Price first before being distributed back to the shareholders of the JV Entities as described in paragraph 3.4 above.

The shareholders of LAL (which includes the Vendor) have experience in property development and management of other companies which are also engaged in property development. The Company believes that the strategic partnership with LAL and its shareholders will enable the Company and the JV Entities to leverage off their experience, expertise and business networks in the property development sector.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1. Assumptions

The pro forma financial effects of the Proposed Acquisition are based on the unaudited financial statements of the Target Company for the financial period ended on 30 June 2022 and the audited consolidated financial statements of the Group for the financial year ended 30 June 2022, and the following assumptions:

(a) The financial effects set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Company and the Group after the Proposed Acquisition; and

(b) The total expenses in relation to the Proposed Acquisition and Proposed Diversification are assumed to be negligible.

5.2. Net Tangible Assets ("NTA")

Assuming that the Proposed Acquisition had been completed on 30 June 2022, being the end of the most recently completed financial year of the Group, the effect on the NTA per Share is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	228,424	228,424
Number of ordinary shares in issue	623,825,811	623,825,811
NTA per Share (S$ cents)	36.62	36.62

5.3. Earnings per Share ("EPS")

Assuming that the Proposed Acquisition had been completed on 1 July 2021, being the beginning of the most recently completed financial year of the Group, the effect on the EPS per Share is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders of the Company (S$'000)	36,795	36,795
Weighted average number of shares	620,197,769	620,197,769
EPS (S$ cents)	5.93	5.93

6. INTERESTED PERSON TRANSACTIONS

Under Chapter 9 of the Catalist Rules, where an entity at risk enters into a transaction with an interested person ("**IPT**") and the value of the transaction (either in itself or when aggregated with other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5% of the Group's latest audited NTA, shareholders' approval is required in respect of the transaction.

Rule 905(2) of the Catalist Rules provides that if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the Group's latest audited net tangible assets, the Company must (i) make an immediate announcement of the latest transaction; and (ii) all future transactions entered into with that same interested person during that financial year.

An "interested person" means (a) a director, chief executive officer, or controlling shareholder of the Company; or (b) an associate of any such director, chief executive officer, or controlling shareholder. The Vendor is the Executive Director and CEO and controlling shareholder of the Company, while LAL is an associate of the Vendor. The Vendor and LAL are therefore "interested persons" within the meaning of Chapter 9 of the Catalist Rules.

The Company and (on completion of the Proposed Acquisition) the Target Company are each an "entity at risk" within the meaning of Chapter 9 of the Catalist Rules.

6.1. The Proposed Acquisition as an IPT

The acquisition of the Sale Shares by the Company from the Vendor and the undertaking by the Target Company to fund the Balance Land Purchase Price are IPTs.

The aggregate of the (i) Consideration for the Proposed Acquisition of RM100 and (ii) the undertaking by the Target Company to fund the Balance Land Purchase Price of RM33,300,000 is RM33,300,100 which amounted approximately S$10,183,171, representing 4.46% of the Group's latest audited NTA of approximately S$228,424,000 as at 30 June 2022, which exceeds 3% but is not equal to or more than 5%. Shareholders' approval for the Proposed Acquisition and the funding of the Balance Land Purchase Price is therefore not required.

6.2. The Joint Venture, Development Agreement and Partnership Agreement as IPTs

The establishment of the JV Entities with LAL and/or the Vendor and the transactions contemplated by the Development Agreement and Partnership Agreement with LAL (in particular, the profit-sharing mechanism) are IPTs.

However, under the exception set out in Rule 916(2) of the Catalist Rules, shareholders' approval would not be required for the Target Company's establishment of the JV Entities with LAL and/or the Vendor and the transactions contemplated by the Development Agreement and Partnership Agreement with LAL if:

(a) the risks and rewards are in proportion to the equity of each joint venture partner (i.e., the Target Company and LAL, in the case of the JV Entity established to undertake the Active Retirement Home Project, and the Target Company, LAL and the Vendor, in the case of the JV Entity established to undertake the Healthcare Project);

(b) the audit committee of the Company is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders; and;

(c) the interested persons (i.e., the Vendor and LAL) do not have an existing equity interest in the joint venture prior to the participation of the Target Company in the joint venture.

Taking into account, amongst others, the profit-sharing mechanism set out in the Development Agreement and Partnership Agreement, the audit committee of the Company is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders.

6.3. Total Value of IPTs

As at the date of the announcement, the Group has not entered into any interested person transactions (including transactions that are less than S$100,000) for the financial year ending 30 June 2023.

The aggregate value of all transactions (including transactions that are less than S$100,000) entered into between the Group and the Vendor and LAL for the financial year ending 30 June 2023 amounted to approximately S$10,183,171, representing approximately 4.46% of the Group's latest audited NTA.

The aggregate value of all transactions (including transactions that are less than S$100,000) entered into between the Group and all interested persons for the financial year ending 30 June 2023 amounted to approximately S$10,183,171, representing approximately 4.46% of the Group's latest audited NTA.

6.4. Audit Committee Statement

The Audit Committee of the Company is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

7. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates, and to the best of knowledge of the Directors, none of the substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Acquisition, the Proposed Diversification and the transactions contemplated therein, other than through their respective directorships and/or shareholding interests, if any, in the Company, LAL and/or the Target Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. EGM AND CIRCULAR

A circular to the shareholders ("**Circular**") containing further details on the Proposed Diversification and enclosing a notice of EGM in connection therewith will be dispatched to shareholders in due course.

10. DOCUMENTS FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, subject to prior appointment and prevailing COVID-19 restrictions in Singapore (if any), for a period of 3 months from the date of this announcement:

(a) the SSA;

(b) the Development Agreement;

(c) the Partnership Agreement; and

(d) the Valuation Certificate.

11. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Completion of the Proposed Acquisition is subject to, amongst others, the fulfilment of the conditions in the SSA and, as at the date of this announcement, there is no certainty or assurance that the Proposed Acquisition will proceed to completion. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board of
UG Healthcare Corporation Limited

Lee Keck Keong
Executive Director and CEO

14 October 2022

---

*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

Schedule 1

Details of the Land

(i) GM 150, Lot No. 1305, Tempat Tanjong Punggai, Mukim Pantai Timor, Daerah Pengerang, Negeri Johor measuring 1.2115 hectare (approximately equivalent to 2.9936 acres)

(ii) GM 151, Lot No. 1308, Tempat Kg Punggai, Mukim Pantai Timor, Daerah Pengerang, Negeri Johor measuring 1.1432 hectare (approximately equivalent to 2.8246 acres)

(iii) GM 155, Lot No. 1306, Tempat Tanjong Punggai, Mukim Pantai Timor, Daerah Pengerang, Negeri Johor measuring 1.6415 hectare (approximately equivalent to 4.0561 acres)

(iv) GM 156, Lot No. 1307, Tempat Tanjong Punggai, Mukim Pantai Timor, Daerah Pengerang, Negeri Johor measuring 1.3709 hectare (approximately equivalent to 3.3874 acres)

(v) GM 224, Lot No. 1309, Tempat Kampong Punggai, Mukim Pantai Timor, Daerah Pengerang, Negeri Johor measuring 1.145 hectare (approximately equivalent to 2.8292 acres) together with a double storey bungalow erected thereon bearing postal address Lot 1309, Kampung Melayu Punggai, 81600 Pengerang, Johor

(vi) GM 231, Lot No. 1990, Tempat Tanjung Punggai, Mukim Pantai Timor, Daerah Pengerang, Negeri Johor measuring 1.378 hectare (approximately equivalent to 3.4050 acres)

(vii) HSM 529, Lot No. 1446, Tempat Kg Punggai, Mukim Pantai Timor, Daerah Pengerang, Negeri Johor measuring 2.6962 hectare (approximately equivalent to 6.6623 acres)