

UG Healthcare Corporation Limited (Incorporated in Singapore with Unique Entity No.: 201424579Z) SGX Stock Code: 8K7 website: www.ughealthcarecorporation.com

HALF YEARLY ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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.

PART I INFORMATION REQUIRED FOR HALF-YEAR (1H FY21) AND FULL YEAR ANNOUNCEMENTS

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME- FIRST HALF AND 6 MONTHS ENDED 31 DECEMBER 2020

| | Group Six months ended | | |
|---|--|---|--|
| | 31-Dec-20 1H FY21 S\$'000 | 31-Dec-19 1H FY20 S\$'000 | Increase/ (Decrease) % |
| Revenue | 159,417 | 53,178 | >100.0 |
| Cost of sales Gross profit | <u>(60,189)</u> 99,228 | <u>(43,415)</u> 9,763 | 38.6 >100.0 |
| Other income | <u> </u> | 132 9,895 | 26.5 >100.0 |
| Marketing and distribution expenses Administrative expenses Other expenses Finance costs Share of profits from associates | (3,610) (13,476) (1,683) (377) 1,800 | (1,568) (6,375) (353) (1,008) 255 | >100.0 >100.0 >100.0 (62.6) >100.0 |
| Profit before tax Income tax expense | 82,049 (20,921) | 846 (540) | >100.0 >100.0 |
| Profit for the period | 61,128 | 306 | >100.0 |
| Other comprehensive loss Exchange differences on translating foreign operations | 1,861 | (663) | N.M. |
| Total comprehensive income/(loss) for the period | 62,989 | (357) | N.M. |
| Profit/(loss) attributable to: | | | |
| Owners of the Company Non-controlling interests | 54,939 6,189 61,128 | 846 (540) 306 | >100.0 N.M. >100.0 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company Non-controlling interests | 56,567 6,422 62,989 | 236 (593) (357) | >100.0 <u>N.M.</u> N.M. |
| Earnings per share (cents) Basic | 9.05 | 0.14 | |
| Diluted | 9.05 | 0.14 | |

N.M. - not meaningful

1(a)(ii) NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Group Six months ended | | | |
|---|---------------------------------|---------------------------------|------------------------------|--|
| | 31-Dec-20 1H FY21 S\$'000 | 31-Dec-19 1H FY20 S\$'000 | Increase/ (Decrease) % | |
| Interest income | (74) | (90) | (17.8) | |
| Net foreign exchange loss* | 1,509 | 209 | >100.0 | |
| Sundry income | (86) | (37) | >100.0 | |
| Interest expense on borrowings | 377 | 1,008 | (62.6) | |
| Depreciation | 1,153 | 1,008 | 14.4 | |
| Property, plant and equipment written off | 137 | 174 | (21.3) | |
| Amortisation of intangible assets | 9 | 10 | (10.0) | |
| Loss allowance on trade receivables | 5 | 6 | (16.7) | |
| Gain on disposal of property, plant and equipment | (7) | (5) | 40.0 | |

N.M. - not meaningful

<u>Note</u> * Net foreign exchange loss includes realised and unrealised foreign exchange loss/(gain) and fair value loss/(gain) on financial derivatives that are used mainly for hedging purposes.

1(b)(i) STATEMENT OF FINANCIAL POSITION OF THE GROUP AND THE COMPANY

| 31-Dec-20 30-Jun-20 31-Dec-20 30-Jun-20 ASSETS S\$'000 \$\$'000 \$\$'000 \$\$'000 \$\$'000 ASSETS Non-current assets 5.996 4.932 32.621 32.621 Associates 5.996 4.932 - - - Property plant and equipment 37.119 31.516 - - Intrangible assets 271 262 - - Total non-current assets 43.485 37.028 32.621 32.621 Current assets 43.485 37.028 32.621 32.621 32.621 Current assets 52.715 32.858 357 34 Derivative financial assets 32.7 114 - - Cash and bank balances 43.896 9.292 12.171 28 Total current assets 197.833 113.015 68.089 51.919 Equity S7.745 37.870 57.745 37.870 S7.445 37.870 57.745 | | Group | | Company | |
|--|-------------------------------|-----------|---------------------------------------|-----------|-----------|
| ASETS Non-current assets 32,621 32,621 32,621 Associates 5,996 4,932 - - - Property, plant and equipment 37,119 31,516 - - - Intangible assets 271 262 - | | 31-Dec-20 | 30-Jun-20 | 31-Dec-20 | 30-Jun-20 |
| Non-current assets 32,621 32,621 32,621 Subsidiaries 5,996 4,932 - - Property, plant and equipment 37,119 31,516 - - Intangible assets 291 262 - - Deferred tax assets 99 318 - - - Total non-current assets 43,485 37,028 32,621 32,621 32,621 Current assets - - - - - - Inventories 57,410 33,723 - - - - Amount due from subsidiaries 52,715 32,886 357 34 - <th>A 66570</th> <th>S\$'000</th> <th>S\$'000</th> <th>S\$'000</th> <th>S\$'000</th> | A 66570 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Subsidiaries - - 32,621 32,621 Associates 5,996 4,932 - - Property, plant and equipment 37,119 31,516 - - Intangible assets 271 262 - - - Deferred tax assets 99 318 - - - - Current assets 43,485 37,028 32,621 32,621 32,621 Current assets 43,485 37,028 32,621 32,621 32,621 Current assets 43,485 37,028 32,621 32,621 32,621 Current assets 52,715 32,868 357 34 - - Cash and bank balances 43,896 9,292 12,171 28 - | | | | | |
| Associates 5.996 4.932 - - Property, plant and equipment Intangible assets 37,119 31,516 - - Deferred tax assets 99 318 - - - Total non-current assets 43,485 37,028 32,621 32,621 Current assets 43,485 37,028 32,621 32,621 Inventories 57,410 33,723 - - Amount due from subsidiaries - 22,840 19,236 Trade and other receivables 52,715 32,858 357 34 Derivative financial assets 32,73 - - - Total current assets 154,348 75,967 35,468 19,298 Total assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES Equity 53,446 12,039 Equity Share capital 57,745 37,870 57,745 37,870 Retained earnings Equity 135,493 54,272 | | _ | - | 32 621 | 32 621 |
| Property, plant and equipment Intengible assets 37,119 31,516 - - Intengible assets 271 262 - - - Total non-current assets 43,485 37,028 32,621 32,621 32,621 Current assets 1 33,723 - - - 29,940 19,236 Trade and other receivables 52,715 32,858 357 34 Derivative financial assets 32,727 114 - - Cash and bank balances 43,896 9,292 12,171 28 Total current assets 154,348 75,967 35,468 19,298 Total assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES Equity 54,434 75,967 37,870 57,745 37,870 Reserve (39,344) (40,792) - 180 12,039 180 Retained earnings Equity attributable to the owners of the Company 0,221 63,591 50,089 50,089 | | 5 996 | 4 932 | | 52,021 |
| Intangibe assets 271 262 - - Deferred tax assets 99 318 - - - Total non-current assets 43,485 37,028 32,621 32,621 Current assets 57,410 33,723 - - Amount due from subsidiaries 57,410 33,723 - - Carrent assets 52,715 32,858 357 34 Derivative financial assets 52,715 32,858 357 34 Cash and bank balances 43,896 9,292 12,171 28 Total current assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES Equity Stare capital 57,745 37,870 57,745 37,870 Retained earnings 108,619 55,143 5,846 12,039 Equity 130,619 55,143 5,0,689 Non-controlling interests 8,473 2,051 - - - - Total equity 135,493 | | , | | - | - |
| Deferred tax assets 99 318 - - Total non-current assets 43,485 37,028 32,621 32,621 Current assets 1nventories 57,410 33,723 - - Amount due from subsidiaries - - 22,940 19,236 Trade and other receivables 52,715 32,888 357 34 Derivative financial assets 32,727 114 - - Cash and bank balances 43,896 9,292 12,171 28 Total current assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES Equity Equity - 180 Reserve (39,344) (40,72) - 180 Company 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 02,221 63,591 50,089 Non-courtolling interests 8,473 2,051 - - Total equity 135,493 54,272 63,59 | | | | - | - |
| Total non-current assets 43,485 37,028 32,621 32,621 Current assets 33,723 - <td></td> <td></td> <td></td> <td>-</td> <td>-</td> | | | | - | - |
| Inventories 57,410 33,723 - | Total non-current assets | 43,485 | 37,028 | 32,621 | 32,621 |
| Inventories 57,410 33,723 - | Current assets | | | | |
| Amount due from subsidiaries - - 22,940 19,236 Trade and other receivables 52,715 32,858 337 34 Derivative financial assets 327 114 - - Cash and bank balances 43,896 9,292 12,171 28 Total current assets 1154,348 75,987 35,468 19,298 Total assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES 57,745 37,870 57,745 37,870 Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 135,493 54,272 63,591 50,089 Non-current liabilities 8,473 2,051 - - - Deferred tax liabilities 366 3,142 - - - Lease liabilities 366 3,428 - - - - Deferred tax liabilities 366 3,422 - - - | | 57,410 | 33,723 | - | - |
| Derivative financial assets 327 114 - - Cash and bank balances 43,896 9,292 12,171 28 Total current assets 154,348 75,987 35,468 19,298 Total assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES Equity 57,745 37,870 57,745 37,870 Share capital 57,745 37,870 57,745 37,870 140,792) - 180 Retained earnings 108,619 55,143 5,846 12,039 108,619 50,089 50,089 Non-controlling interests 8,473 2,051 - </td <td>Amount due from subsidiaries</td> <td>-</td> <td>-</td> <td>22,940</td> <td>19,236</td> | Amount due from subsidiaries | - | - | 22,940 | 19,236 |
| Cash and bank balances 43,896 9,292 12,171 28 Total current assets 154,348 75,987 35,468 19,298 Total assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES Equity 58,476 37,870 57,745 37,870 Share capital 57,745 37,870 57,745 37,870 180 Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-current liabilities 8,473 2,051 - - - Deferred tax liabilities 366 3,142 - - - Lease liabilities 319 191 - - - - Bank borrowings 4.486 30,520 - - - - Total non-current liabilities 25.456 18,469 4,498 120 Amount due to subsidiaries - - | Trade and other receivables | 52,715 | 32,858 | 357 | 34 |
| Total current assets 154,348 75,987 35,468 19,298 Total assets 197,833 113,015 68,089 51,919 EQUITY AND LIABILITIES Equity 37,745 37,870 57,745 37,870 Share capital 57,745 37,870 57,745 37,870 57,745 37,870 Reserve (39,344) (40,792) - 180 Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-controlling interests 8,473 2,051 - - Total equity 135,493 54,272 63,591 50,089 Non-current liabilities 366 3,142 - - Lease liabilities 319 191 - - Lease liabilities 7,548 7,928 - - Total non-current liabilities - - - - Bank borrowings | Derivative financial assets | 327 | 114 | - | - |
| Total assets 197,833 113,015 $68,089$ $51,919$ EQUITY AND LIABILITIES Equity Share capital Retained earnings 57,745 37,870 $57,745$ $37,870$ Retained earnings $(39,344)$ $(40,792)$ - 180 Equity attributable to the owners of the Company $127,020$ $52,221$ $63,591$ $50,089$ Non-controlling interests $8,473$ $2,051$ - - Total equity $135,493$ $54,272$ $63,591$ $50,089$ Non-current liabilities $8,473$ $2,051$ - - Deferred tax liabilities 366 $3,142$ - - Lease liabilities 366 $3,142$ - - Deferred tax liabilities 7.548 7.928 - - Total non-current liabilities 7.548 7.928 - - Current liabilities 25.456 $18,469$ 4.498 120 Amount due to subsidiaries $ 1.710$ - $-$ </td <td>Cash and bank balances</td> <td>43,896</td> <td>9,292</td> <td></td> <td></td> | Cash and bank balances | 43,896 | 9,292 | | |
| EQUITY AND LIABILITIES Equity Share capital 57,745 37,870 57,745 37,870 Reserve (39,344) (40,792) - 180 Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-controlling interests 8,473 2,051 - - Total equity 135,493 54,272 63,591 50,089 Non-current liabilities 319 191 - - Lease liabilities 319 191 - - Deferred tax liabilities 7,548 7,928 - - Total non-current liabilities 7,548 7,928 - - Current liabilities 25,456 18,469 4,498 120 Amount due to subsidiaries - - 1,710 - - Lease liabilities 377 345 - - - | Total current assets | 154,348 | 75,987 | 35,468 | 19,298 |
| Equity 57,745 37,870 57,745 37,870 Reserve (39,344) (40,792) - 180 Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-controlling interests $8,473$ 2,051 - - Total equity 135,493 54,272 63,591 50,089 Non-current liabilities $8,473$ 2,051 - - Lease liabilities 366 3,142 - - Lease liabilities 319 191 - - Bank borrowings 6.863 4,595 - - Total non-current liabilities 7.548 7,928 - - Current liabilities 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - | Total assets | 197,833 | 113,015 | 68,089 | 51,919 |
| Equity 57,745 37,870 57,745 37,870 Reserve (39,344) (40,792) - 180 Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-controlling interests $8,473$ 2,051 - - Total equity 135,493 54,272 63,591 50,089 Non-current liabilities $8,473$ 2,051 - - Lease liabilities 366 3,142 - - Lease liabilities 319 191 - - Bank borrowings 6.863 4,595 - - Total non-current liabilities 7.548 7,928 - - Current liabilities 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - | EQUITY AND LIABILITIES | | | | |
| Share capital 57,745 37,870 57,745 37,870 Reserve (39,344) (40,792) - 180 Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-controlling interests 8,473 2,051 - - - Total equity 135,493 54,272 63,591 50,089 Non-current liabilities 366 3,142 - - Lease liabilities 319 191 - - Lease liabilities 7.548 7,928 - - Total non-current liabilities 7.548 7,928 - - Current liabilities 377 345 - - - Bank borrowings 4.486 30,520 - - - - Trade and other payables 25.456 18,469 4,498 120 - - 1,710 Lease liabilities 377 345 - - - - <td>Equity</td> <td></td> <td></td> <td></td> <td></td> | Equity | | | | |
| Retained earnings 108,619 55,143 5,846 12,039 Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-controlling interests 8,473 2,051 - - Total equity 135,493 54,272 63,591 50,089 Non-current liabilities 366 3,142 - - Lease liabilities 319 191 - - Bank borrowings 6.863 4,595 - - Current liabilities 7.548 7,928 - - Trade and other payables 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 54,792 50,815 4,498 1,830 Trade and other payables 54,792 50,815 4,498 1,830 Total current liabilities 377 345 - - <td></td> <td>57,745</td> <td>37,870</td> <td>57,745</td> <td>37,870</td> | | 57,745 | 37,870 | 57,745 | 37,870 |
| Equity attributable to the owners of the Company 127,020 52,221 63,591 50,089 Non-controlling interests 8,473 2,051 - <td>Reserve</td> <td></td> <td></td> <td>-</td> <td></td> | Reserve | | | - | |
| Company Non-controlling interests 127,020 8,473 52,221 2,051 63,591 50,089 Total equity 135,493 54,272 63,591 50,089 Non-current liabilities 366 3,142 - - Lease liabilities 319 191 - - Bank borrowings 6.863 4,595 - - Total non-current liabilities 7.548 7,928 - - Current liabilities 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Trade and other payables 27.473 1,481 - - Income tax liabilities 377 345 - - Total current liabilities 54,792 50,815 4,498 1,830 Trade and other payables 27.473 1,481 - - - Income tax liabilities 27.473 1,481 - <td< td=""><td>e</td><td>108,619</td><td>55,143</td><td>5,846</td><td>12,039</td></td<> | e | 108,619 | 55,143 | 5,846 | 12,039 |
| Non-controlling interests 8,473 2,051 - < | | | | | |
| Total equity 135,493 54,272 63,591 50,089 Non-current liabilities 366 3,142 - - Lease liabilities 319 191 - - Bank borrowings 6.863 4,595 - - Total non-current liabilities 7.548 7,928 - - Current liabilities 7.548 7,928 - - Bank borrowings 4.486 30,520 - - Trade and other payables 25.456 18,469 4,498 120 Amount due to subsidiaries - - 1,710 - 1,710 Lease liabilities 377 345 - - Income tax liabilities 54,792 50,815 4,498 1,830 Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | | | | 63,591 | 50,089 |
| Non-current liabilities 366 3,142 - - Lease liabilities 319 191 - - - Bank borrowings 6.863 4,595 - - - - Total non-current liabilities 7.548 7,928 - - - - Current liabilities 7.548 7,928 - - - - - Bank borrowings 4.486 30,520 - < | | | · · · · · · · · · · · · · · · · · · · | - | |
| Deferred tax liabilities 366 3,142 - - Lease liabilities 319 191 - - Bank borrowings 6.863 4,595 - - Total non-current liabilities 7.548 7,928 - - Current liabilities 7.548 7,928 - - Sank borrowings 4.486 30,520 - - Trade and other payables 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | Total equity | 135,493 | 54,272 | 63,591 | 50,089 |
| Lease liabilities 319 191 - Bank borrowings 6.863 4,595 - - Total non-current liabilities 7.548 7,928 - - Current liabilities 7.548 7,928 - - Bank borrowings 4.486 30,520 - - Trade and other payables 25.456 18,469 4,498 120 Amount due to subsidiaries - - 1,710 - 1,710 Lease liabilities 377 345 - - - Income tax liabilities 24.473 1,481 - - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | | | | | |
| Bank borrowings 6.863 4,595 - | | | | - | - |
| Total non-current liabilities 7.548 7,928 - - Current liabilities 8 4.486 30,520 - - - Bank borrowings 4.486 30,520 - <td></td> <td></td> <td></td> <td></td> <td>-</td> | | | | | - |
| Current liabilities Bank borrowings 4.486 30,520 - - Trade and other payables 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | 0 | | | - | |
| Bank borrowings 4.486 30,520 - - - Trade and other payables 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | Total non-current liabilities | 7.548 | 7,928 | | |
| Trade and other payables 25.456 18,469 4,498 120 Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | | | | | |
| Amount due to subsidiaries - - - 1,710 Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | 0 | | | - | - |
| Lease liabilities 377 345 - - Income tax liabilities 24.473 1,481 - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | | 25.456 | 18,469 | 4,498 | |
| Income tax liabilities 24.473 1,481 - - Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | | - | - | - | 1,710 |
| Total current liabilities 54,792 50,815 4,498 1,830 Total liabilities 62,340 58,743 4,498 1,830 | | | | - | - |
| Total liabilities 62,340 58,743 4,498 1,830 | | | | - | - |
| , | l otal current liabilities | 54,792 | 50,815 | 4,498 | 1,830 |
| Total equity and liabilities 197,833 113,015 68,089 51,919 | Total liabilities | 62,340 | 58,743 | 4,498 | 1,830 |
| | Total equity and liabilities | 197,833 | 113,015 | 68,089 | 51,919 |

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

| | 31-Dec-20 | | 30-J | lun-20 |
|---------------------------------------|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, | | | | |
| or on demand | 4,486 | - | 30,520 | - |
| Amount repayable after one year | 6,863 | - | 4,595 | - |
| Total borrowings | 11,349 | - | 35,115 | - |

Details of collaterals

As at 31 December 2020 and 30 June 2020, the Group's borrowings were secured by:

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

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

| | Group Six months ended | | |
|--|----------------------------------|----------------------------------|--|
| | 31-Dec-20 1H FY21 \$\$'000 | 31-Dec-19 1H FY20 \$\$'000 | |
| Operating activities | | · | |
| Profit before income tax | 82,049 | 846 | |
| Adjustments for: Amortisation of intangible assets | 9 | 10 | |
| Property, plant and equipment written off | 137 | 174 | |
| Gain on disposal of property, plant and equipment | (7) | (5) | |
| Depreciation expense | 1,153 | 1,008 | |
| Loss allowance on trade receivables | 5 | 6 | |
| Interest expense Interest income | 377 (74) | 1,008 (90) | |
| Share of profits from associates | (1,800) | (255) | |
| Fair value loss on financial derivatives | (814) | (475) | |
| Unrealised exchange differences | 2,276 | (50) | |
| Operating cash flows before movements in working capital Movements in working capital | 83,311 | 2,177 | |
| Inventories | (23,687) | (7,523) | |
| Trade and other receivables | (19,861) | 41 | |
| Trade and other payables | 6,987 | 3,724 | |
| Cash used in operations | 46,750 | (1,581) | |
| Interest paid | (354) | (1,008) | |
| Income taxes (paid)/refund | (482) | 859 | |
| Net cash from/(used in) operating activities | 45,914 | (1,730) | |
| Investing activities | (6,600) | (0, 190) | |
| Acquisition of property, plant and equipment Dividend received | (6,690) 682 | (2,182) | |
| (Increase)/Decrease in fixed deposits pledged to bank | (18) | (16) | |
| Interest received | 74 | <u> </u> | |
| Net cash used in investing activities | (5,952) | (2,108) | |
| Financing activities | | | |
| Drawdown of borrowings | 3,949 | 44,052 | |
| Repayment of borrowings Repayment of lease liabilities | (27,715) 159 | (41,089) | |
| Share placement exercise | 18,437 | - | |
| Exercise of share options | 235 | - | |
| Dividend paid | (441) | (104) | |
| Net cash (used in)/from financing activities | (5,376) | 2,859 | |
| Net increase/(decrease) in cash and cash equivalents | 34,586 | (979) | |
| Cash and cash equivalents at beginning of financial period | 8,660 | 4,256 | |
| Cash and cash equivalents at end of financial period | 43,246 | 3,277 | |
| Cash and cash equivalents comprised the following: | | | |
| Cash and bank balances | 43,896 | 3,909 | |
| Less: Fixed deposits pledged to bank | (650) 43,246 | (632) | |
| | 43,240 | 3,211 | |

1(d)(i) STATEMENT OF CHANGES IN EQUITY

| | | Attributa | ble to equity h | olders of the | Company | | _ | |
|---|-----------------------------|--|------------------------------|--|---------------------------------|------------------|---|----------------------------|
| | Share capital S\$'000 | Currency translation reserves S\$'000 | Merger reserve S\$'000 | Share- based payment reserve S\$'000 | Retained earnings S\$'000 | Total S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
| Balance as at 1 July 2020 | 37,870 | (15,032) | (25,940) | 180 | 55,143 | 52,221 | 2,051 | 54,272 |
| Profit for the year <u>Other</u> <u>comprehensive</u> | - | - | - | - | 54,939 | 54,939 | 6,189 | 61,128 |
| (loss)/income Exchange differences on translating foreign operations | - | 1,628 | - | - | | 1,628 | 233 | 1,861 |
| Total comprehensive (loss)/income for | - | 1,628 | - | - | 54,939 | 56,567 | 6,422 | 62,989 |
| the year Issuance of shares, pursuant to placement agreement | 18,437 | | - | - | - | 18,437 | - | 18,437 |
| Issuance of shares, pursuant to exercise of share options | 415 | - | - | (161) | - | 254 | - | 254 |
| Share options forfeited | - | - | - | (19) | - | (19) | - | (19) |
| Issuance of shares, pursuant to scrip dividend | 1,023 | - | - | - | - | 1,023 | - | 1,023 |
| Dividend | | - | - | - | (1,463) | (1,463) | - | (1,463) |
| Balance as at 31 December 2020 | 57,745 | (13,404) | (25,940) | | 108,619 | 127,020 | 8,473 | 135,493 |
| Balance as at 1 July 2019 | 37,473 | (11,617) | (25,940) | 170 | 42,242 | 42,328 | 1,036 | 43,364 |
| Profit for the year <u>Other</u> <u>comprehensive</u> (loca)/income | - | - | - | - | 846 | 846 | (540) | 306 |
| (loss)/income Exchange differences on translating foreign operations | - | (610) | - | - | - | (610) | (53) | (663) |
| Total comprehensive (loss)/income for the year | - | (610) | - | - | 846 | 236 | (593) | (357) |
| Share option Issuance of shares, pursuant | - 397 | - | : | 10 - | - | 10 397 | - | 10 397 |
| to scrip dividend Dividend | | - | - | - | (501) | (501) | - | (501) |
| Balance as at 31 December 2019 | 37,870 | (12,227) | (25,940) | 180 | 42,587 | 42,470 | 443 | 42,913 |

1(d)(i) STATEMENT OF CHANGES IN EQUITY (continued)

| | Company | | | |
|---|-----------------------------|--|---------------------------------|-------------------|
| - | Share Capital S\$'000 | Share-based payment reserve S\$'000 | Retained earnings S\$'000 | Total S\$'000 |
| Balance as at 1 July 2020 Loss for the year, representing total comprehensive loss for the year | 37,870 - | 180 | 12,039 (4,730) | 50,089 (4,730) |
| Issuance of shares, pursuant to placement agreement | 18,437 | - | - | 18,437 |
| Issuance of shares, pursuant to exercise of share options | 415 | (161) | - | 254 |
| Share option forfeited Issuance of shares, pursuant to scrip dividend | - 1,023 | (19) | - | (19) 1,023 |
| Dividend | - | - | (1,463) | (1,463) |
| Balance as at 31 December 2020 | 57,745 | - | 5,846 | 63,591 |
| Balance as at 1 July 2019 Loss for the year, representing total comprehensive loss for the year | 37,473 - | 170 - | 12,747 (63) | 50,390 (63) |
| Share option Issuance of shares, pursuant to scrip dividend | - 397 | 10 | - | 10 397 |
| Dividend | - | - | (501) | (501) |
| Balance as at 31 December 2019 | 37,870 | 180 | 12,183 | 50,233 |

1(d)(ii) SHARE CAPITAL

| | Company | | |
|---|------------------------------|---|--|
| | Number of ordinary shares | Issued and paid up share capital S\$ | |
| Issued and paid up share capital as at 30 June 2020 | 196,092,856 | 37,869,789 | |
| Issuance of shares, pursuant to the placement agreement on 27 August 2020 | 7,500,000 | 18,436,875 | |
| Issuance of shares, pursuant to the exercise of share options on 28 August 2020 | 1,400,000 | 415,240 | |
| Share split of every 1 existing ordinary share into 3 ordinary shares on 2 October 2020 | 409,985,712 | - | |
| Issuance of shares, pursuant to the UG Healthcare Scrip Dividend Scheme on 21 December 2020 | 1,280,184 | 1,022,867 | |
| Issued and paid-up share capital as at 31 December 2020 | 616,258,752 | 57,744,771 | |

The Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2020.

Other than 1,570,000 share options granted to eligible employees on 28 August 2015 under the Unigloves Employee Share Option Scheme of which 1,400,000 had been exercised on 28 August 2020, the Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2019.

1(d)(iii) TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES

| | Company | | |
|---|---------------------|-------------|--|
| | 31-Dec-20 30-Jun-20 | | |
| Total number of issued shares excluding treasury shares | 616,258,752 | 196,092,856 | |

As at 31 December 2020 and 30 June 2020, the Company did not have treasury shares.

1(d)(iv) TREASURY SHARES

There were no sales, transfers, cancellation and / or use of treasury shares during and as at the end of the current financial period reported on. As at 31 December 2020, the Company did not hold any of its issued shares as treasury shares.

1(d)(v) SUBSIDIARY HOLDINGS

There were no sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial period reported on. As at 31 December 2020, the Company did not have any subsidiary holdings.

2 REVIEW OR AUDIT OF FIGURES PRESENTED

The figures presented have not been reviewed or audited by the Company's auditors.

3. AUDITORS' REPORT

Not applicable.

3A. LATEST FINANCIAL STATEMENTS SUBJECT TO AN ADVERSE OPINION, QUALIFIED OPINION OR DISCLAIMER OF OPINION

Not applicable as the Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion. as the Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to its audited financial statements for the financial year ended 30 June 2020.

5. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statement for the current financial period as compared to the audited financial statements as at 30 June 2020, except for the adoption of the following Singapore Financial Reporting Standards (International) ("SFRS(I)s"):

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

- Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)
- Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)

The adoption of the above standards will not have a material effect on the Group's financial statements for 1H FY21.

6. EARNINGS PER SHARE

| | Group Six months ended | | |
|--|--------------------------------|--|--|
| | 31-Dec-20 1H FY21 | 31-Dec-19 1H FY20 | |
| Profit attributable to owners of the Company (S\$'000) | 54,939 | 846 | |
| Number of shares Weighted average number of ordinary shares for the purpose of Basic share Effect of dilution from share options Diluted share | 606,761,079 606,761,079 | 588,278,568* (1,399,542)* 586,879,026* | |
| Earnings per share (cents) Basic Diluted | <u>9.05</u> 9.05 | 0.14 | |

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

- Basic share: 196,092,856 x 3 = 588,278,568

- Effect of dilution from share options: $(466,514) \times 3 = (1,399,542)$

- Diluted share: 195,626,342 x 3 = 586,879,026

7. NET ASSETS VALUE ("NAV") PER SHARE

| | Group | | Comp | any |
|--|-------------|--------------|-------------|--------------|
| | 31-Dec-20 | 30-Jun-20 | 31-Dec-20 | 30-Jun-20 |
| NAV per share (cents) | 20.61 | 8.88 | 10.32 | 8.51 |
| Total NAV (attributable to owners of the Company) (S\$'000) | 127,020 | 52,221 | 63,591 | 50,089 |
| Number of ordinary shares used in computation of NAV per share | 616,258,752 | 588,278,568* | 616,258,752 | 588,278,568* |

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

- 196,092,856 x 3 = 588,278,568

8. REVIEW OF GROUP PERFORMANCE

(A) REVIEW OF GROUP RESULTS

Revenue

Revenue increased by approximately S\$106.2 million or 200%, from S\$53.2 million in the financial period ended 31 December 2019 ("**1H FY20**") to S\$159.4 million in the financial period ended 31 December 2020 ("**1H FY21**"). This was mainly due to the increase in the volume of gloves produced and sold driven by the significant increase in demand of gloves due to the outbreak of COVID-19, as well as the increased selling prices of gloves sold, as demand outstripped supply.

| | | Group | |
|---------------|---------|---------|-----------------|
| | 1H FY21 | 1H FY20 | Increase/ |
| | S\$'000 | S\$'000 | (decrease) % |
| _ | | | 100 |
| Europe | 69,516 | 20,714 | >100 |
| North America | 10,598 | 8,780 | 20.7 |
| South America | 42,255 | 14,220 | >100 |
| Africa | 7,218 | 2,536 | >100 |
| Asia | 23,305 | 4,184 | >100 |
| Others | 6,525 | 2,744 | >100 |
| Total | 159,417 | 53,178 | >100 |

Cost of Sales

In tandem with the increase in revenue, cost of sales increased by S\$16.8 million or 38.6% from S\$43.4 million in 1H FY20 to S\$60.2 million in 1H FY21.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately \$\$89.4 million from \$\$9.8 million in 1H FY20 to \$\$99.2 million in 1H FY21 mainly due to increase in gloves selling price from the significant increase in demand due to COVID-19 outbreak, as well as increase in production efficiency resulting from an increase in manufacturing capacity.

The Group's gross profit margin increased from 18.4% in 1H FY20 to 62.2% in 1H FY21 due to the same reasons described above.

Other income

Other income remained fairly stable at approximately S\$0.2 million in 1H FY21 and S\$0.1 million in 1H FY20.

Marketing and Distribution Expenses

Marketing and distribution expenses increased by S\$2.0 million or 130% from S\$1.6 million in 1H FY20 to S\$3.6 million in 1H FY21 due to the increase in distribution and logistics cost from the higher volume of sales at the Group's overseas distribution subsidiaries, as well as increased marketing costs to further enhance brand awareness, as the Group continues to invest heavily in building our own marketing infrastructure.

Administrative Expenses

Administrative expenses increased by approximately S\$7.1 million or 111% from S\$6.4 million in 1H FY20 to S\$13.5 million in 1H FY21 mainly due to administrative expenses incurred for expansion of the distribution networks in Brazil, UK, China and Nigeria, along with the increase in staff costs. Furthermore, the Group has incurred additional costs in implementing strict SOPs for the prevention of COVID-19 infection in the workplace, including but not limited to increased purchase of additional PPEs, constant disinfection of workplaces and costs relating to regular testing of employees.

Other Expenses

Other expenses increased by approximately S\$1.3 million from S\$0.4 million in 1H FY20 to S\$1.7 million in 1H FY21 mainly due to the loss from foreign exchange amounting to S\$1.5 million. Brazilian Real being the functional currency of subsidiary in Brazil has been very volatile against US dollar, as well as the volatility of the Renminbi and British Pound against US dollar, where the Renminbi and British Pound being the functional currency of subsidiaries in China and UK.

Finance Costs

Finance costs decreased by S\$0.6 million or 62.6% from S\$1.0 million in 1H FY20 to S\$0.4 million in 1H FY21 due to the decrease of utilisation of trade facilities, and dropped in the interest rate charged on borrowings.

Share of Profits from Associates

Share of profits from its German and USA associates increased by S\$1.5 mil to S\$1.8 million in 1H FY21, as compared with S\$0.3 million in 1H FY20.

(B) REVIEW OF GROUP'S FINANCIAL POSITION

As at 31 December 2020

Non-current Assets

Non-current assets increased by approximately S\$6.5 million from S\$37.0 million as at 30 June 2020 to S\$43.5 million as at 31 December 2020, mainly due to increase in acquisition of property, plant and equipment of S\$5.6 million and increase in associates of S\$1.0 million as a result of profit recorded by the German and US associates, partially offset by decrease in deferred tax assets of approximately S\$0.2 million.

Current Assets

Current assets increased by approximately S\$78.4 million from S\$76.0 million as at 30 June 2020 to S\$154.3 million as at 31 December 2020, mainly due to:

- (a) Increase in cash and bank balances of S\$34.6 million from S\$9.3 million as at 30 June 2020 to S\$43.9 million as at 31 December 2020 due to higher profit and operating cash flow and fund raising from share placement;
- (b) Increase in inventories of S\$23.7 million or 70.2% from S\$33.7 million as at 30 June 2020 to S\$57.4 million as at 31 December 2020 as the Group stock up its products at its own overseas distribution companies; and
- (c) Increase in trade and other receivables by S\$19.8 million or 60.4% from S\$32.9 million as at 30 June 2020 to S\$52.7 million as at 31 December 2020 resulting from higher sales to customers.

Equity

Equity comprises share capital, merger reserve, retained earnings, share-based payment reserve, foreign currency translation reserves and non-controlling interests. The total equity of the Group increased by approximately S\$81.2 million from S\$54.3 million as at 30 June 2020 to S\$135.5 million as at 31 December 2020.

Non-current Liabilities

Non-current liabilities decreased by approximately S\$0.4 million or 4.8% from S\$7.9 million as at 30 June 2020 to S\$7.5 million as at 31 December 2020 mainly due to the decrease in deferred tax liabilities of S\$2.8 million, partially offset by increase in long-term bank borrowings of S\$2.3 million.

Current Liabilities

Current liabilities increased by S\$4.0 million or 7.8% from S\$50.8 million as at 30 June 2020 to S\$54.8 million as at 31 December 2020, mainly due to:

- (a) Increase of S\$23.0 million in income tax liabilities from S\$1.5 million as at 30 June 2020 to S\$24.5 million as at 31 December 2020 mainly due to increases in tax expenses resulting from the increase in profit before tax; and
- (b) Increase in trade and other payables by S\$7.0 million or 37.8% from S\$18.5 million as at 30 June 2020 to S\$25.5 million as at 31 December 2020 mainly due to increase in purchases of raw materials for the increase in volume of glove sold, as well as increase in the owing to the vendors for the construction of new production lines; partially offset by
- (c) Decrease of S\$26.0 million in bank borrowings from S\$30.5 million as at 30 June 2020 to S\$4.5 million as at 31 December 2020 due to the repayment of trade facilities and term loans.

(C) REVIEW OF GROUP'S CASH FLOWS

In 1H FY21, the net cash from operations amounted to S\$45.9 million taking into account the profit before tax of S\$82.0 million, adjusted for working capital outflows of S\$36.6 million. The net working capital outflows was mainly due to increase in inventories of S\$23.7 million and increase in trade and other receivables of S\$19.9 million, which was partially offset by increase in trade and other payables of S\$7.0 million. The Group paid income tax expenses and interest of S\$0.5 million and S\$0.4 million respectively.

Net cash used in investing activities amounted to S\$6.0 million in 1H FY21. This was due to the purchases of property, plant and equipment, which mainly for the construction of new production lines.

Net cash used in financing activities amounted to S\$5.4 million in 1H FY21. This was mainly due to a net repayment of borrowings from trade facilities amounting to S\$23.8 million, partially offset by the fund raising from share place exercise of S\$18.4 million.

9. ACTUAL RESULTS VS PROFIT FORECAST

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

10. COMMENTARY OF THE INDUSTRY TREND AND GROUP'S PROSPECT

The global gloves demand remains intense as COVID-19 infections worsened drastically, with many countries suffering second and third wave of infections. Across the markets in which the Group operates, demand continues to outstrip supply. This situation is expected to persist in this new calendar year.

The additional capacity of 500 million pieces of gloves per annum is on track to come on stream by March / April 2021. The Group's new factory, which will increase an additional capacity of 1.2 billion pieces of gloves per annum, is currently under construction and is expected to start commissioning in the third quarter of this calendar year (July – September 2021). Both these expansions will increase the Group's total manufacturing capacity to 4.6 billion pieces of gloves per annum.

The Group is currently studying the possibility of further capacity expansion beyond 4.6 billion pieces of gloves per annum and will update shareholders in due course.

On the overseas market distribution companies, the Group will continue to invest heavily in building and expanding its distribution network, local infrastructure and logistics, as well as marketing to further entrench and enhance brand awareness of its own "Unigloves" brand.

11. DETAILS OF DIVIDEND DECLARED OR RECOMMENDED

Proposed dividend

| | 31-Dec-20 | 31-Dec-19 |
|------------------|-------------------------------|-----------|
| Name of dividend | Special dividend | N.A. |
| Type of dividend | Cash | N.A. |
| Dividend rate | S\$0.00105 per ordinary share | N.A. |
| Tax rate | Tax exempted | N.A. |
| Record date | To be announced later | N.A. |
| Payment date | To be announced later | N.A. |

N.A. – not applicable

12. NEGATIVE STATEMENT IF NO DIVIDEND DECLARED OR RECOMMENDED

The Board has declared a special dividend of 0.105 Singapore cents per share for 1H FY21 reflecting the improved performance of the Group during this financial period.

13. GENERAL MANDATE FOR INTERESTED PERSON TRANSACTION ("IPT")

The Company has not obtained any IPT mandate from the shareholders.

14. RULE 720(1) OF THE CATALIST LISTING RULES

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Catalist Listing Rules.

15. RULE 705(5) OF THE CATALIST LISTING RULES

The Board of Directors of the Company hereby confirms, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results for the first half and six months financial period ended 31 December 2020 to be false or misleading in any material aspect.

By order of the Board UG Healthcare Corporation Limited

LEE KECK KEONG Executive Director and CEO

4 February 2021