UG HEALTHCARE CORPORATION

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

UG HEALTHCARE CORPORATION STRENGTHENS DOWNSTREAM DISTRIBUTION BUSINESS IN EUROPE WITH THE INCREASE IN EQUITY INTEREST IN ASSOCIATED COMPANY, UNIGLOVES GERMANY, TO BECOME A WHOLLY-OWNED SUBSIDIARY

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of UG Healthcare Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Unigloves GmbH ("**Unigloves Germany**"), an indirect associated company of the Company, had on 7 May 2024 entered into:

a) a sale, purchase and transfer agreement for treasury shares in Unigloves Germany (the "**Agreement**") with its existing shareholders: (i) Grünwald Equity Industries & Services GmbH ("**GEIS**"), (ii) Mr. Robert Feldmeier ("**RF**") (collectively known as the "**Sellers**"), and (iii) the Company's wholly-owned subsidiary, Unigloves (Singapore) Pte Ltd ("**Unigloves Singapore**").

b) Unigloves Germany will acquire all shares held by the Sellers, totalling 83,700 ordinary paid-up shares in Unigloves Germany with an aggregate purchase consideration of €16.94 million (equivalent to approximately S$24.68 million based on exchange rate of €1.00 : S$1.4571) (the "**Purchase Consideration**"). Unigloves Singapore will thereafter become the sole shareholder of Unigloves Germany (the "**Acquisition**").

c) upon the completion of the Acquisition, the equity interest of Unigloves Singapore held in Unigloves Germany will be increased from 19.29% to 100.00% and Unigloves Germany will be an indirect wholly-owned subsidiary of the Company.

2. INFORMATION RELATING TO UNIGLOVES GERMANY, THE SELLERS AND THE RATIONALE OF THE ACQUISITION

2.1 Information on Unigloves Germany

Unigloves Germany and its subsidiary have remained one of the Group's important downstream distribution networks in Europe since the Company's IPO in 2014.

Unigloves Germany, an investment holding company, owns 100% equity interest in Unigloves Arzt- und Klinikbedarf- Handelsgesellschaft mbH ("**Unigloves A+K**"). Unigloves A+K, incorporated in Germany, is principally engaged in the business of import and export of medical treatment utilities, and continues to be one of the key established marketing and distribution bases of the Group's downstream distribution business in Europe.

Unigloves A+K cultivates demand and distributes **UNI**GLOVES® brand of products including disposable examination gloves to customers in the European markets.

The fully paid-up registered share capital of Unigloves Germany amounts to €103,700.00 (equivalent to approximately S$151,022.06), which are distributed as follows:

Shareholders	Number of shares held in Unigloves Germany	Proportion of shares in Unigloves Germany
Unigloves Singapore	20,000	19.29%
Sellers:		
GEIS	76,300	73.58%
RF	7,400	7.13%
Total	**103,700**	**100.00%**

As the Group exercises significant influence in Unigloves Germany's operations and management (including policies and decision making), Unigloves Germany and its subsidiary were treated as associated companies for accounting purposes.

Unigloves Germany and its subsidiary, Unigloves A+K, reported net asset of €6.00 million (approximately S$8.74 million) as at 31 December 2023, consolidated net profit before tax of €0.83 million (approximately S$1.21 million) and a normalised EBITDA* of approximately €3.20 million (approximately S$4.66 million) for the financial year ended 31 December 2023.

Note: * Normalised EBITDA refers to the earnings before interests, taxes, depreciation and amortisation of €2.17 million (approximately S$3.16 million), excluding (i) foreign exchange impact of €0.63 million (approximately S$0.92 million); and (ii) management fees of €0.40 million (approximately S$0.58 million) payable to GEIS, which will be terminated following the completion of the Acquisition.

2.2 Information on the Sellers

GEIS is a private equity firm based in Grünwald, Germany. RF is currently one of the managing directors of Unigloves Germany.

2.3 Rationale of the Acquisition

The Acquisition allows the Group to, through a combination of both internal and external funding, consolidate its control and increase its participation in marketing and distribution operations of Unigloves Germany in Europe, thereby enhancing the efficiency of its downstream distribution business.

3. SALIENT TERMS OF THE ACQUISITION

3.1 The Purchase Consideration

The Purchase Consideration is €16.94 million (equivalent to approximately S$24.68 million).

The Purchase Consideration was arrived at on a willing-buyer, willing-seller basis after arm's length negotiation, and taking into account among others, (i) the net tangible asset value of approximately €4.84 million (approximately S$7.05 million) derived based on 80.71% equity interest in the net tangible asset value of Unigloves Germany and its subsidiary for the financial

year ended 31 December 2023; and (ii) the revenue of approximately €25.63 million (approximately S$37.35 million) and a normalised EBITDA of approximately €3.20 million (approximately S$4.66 million) for the financial year ended 31 December 2023.

No valuation was conducted on Unigloves Germany as it has been classified as an associated company of the Group since 2014 and its financial statements have been reviewed by external auditors during the Group's yearly audit.

3.2 Closing Conditions

The following conditions ("**Closing Conditions**") have been fulfilled:

(i) a valid loan agreement and relating credit documentation among the bank financing part of the Purchase Consideration, Unigloves Germany, Unigloves A+K and, if required, Unigloves Singapore regarding an acquisition facility of at least €9.00 million (the "**Acquisition Loan**") has been entered into and all conditions precedent to pay-out the Acquisition Loan have been met;

(ii) the loan by Raiffeisenlandesbank Niederösterreich-Wien AG ("**RLBNÖ**") in the principal amount of €1.40 million plus interest thereon has been repaid and RLBNÖ has confirmed that the share pledge on the shares of Unigloves A+K as security for the RLBNÖ loan (the has lapsed as a result of such repayment;

(iii) Unigloves Singapore has bindingly agreed to make a contribution to the free capital reserves of Unigloves Germany in the amount of €6.40 million (the "**UG SG Equity Contribution**") and has effected such UG SG Equity Contribution; and

(iv) no enforceable judgment, injunction, order or decree by any court or government authority prohibits the consummation of the completion of the Acquisition ("**Closing**").

3.3 Financing of the Acquisition

The Acquisition will be financed through (i) the Acquisition Loan, (ii) a vendor loan from RF, and (iii) the UG SG Equity Contribution.

3.4 Other salient terms of the Acquisition

GEIS and RF are each subject to non-compete and non-solicitation restrictions for a period of two (2) years from date of Closing.

3.5 Relative Figures under Catalist Rule 1006

The relative figures computed on the bases set out in Catalist Rule 1006 are based on the latest announced unaudited financial statements of the Group for the half year ended 31 December 2023 ("**1H FY24**") and are as follows:

Rule 1006		Relative Figures
(a)	Net asset value of the assets to be disposed of or aggregate value of the financial assistance given, compared with the Group's net asset value.	Not applicable [(1)]
(b)	The profit/loss for the year attributable to the assets acquired, compared with the Group's net profit/loss.	(9.74)% [(2)]

Rule 1006		Relative Figures
(c)	Aggregate value of the consideration given or aggregate value of the financial assistance given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	36.20%(3), (4)
(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 (6)

Notes:

(1) Not applicable as this is an acquisition of assets.

(2) Computed based on 6-months pro-rated net profit before tax of Unigloves Germany and its subsidiary amounting to €0.41 million (approximately S$0.60 million) and net loss before tax of the Group amounting to S$6.16 million for 1H FY24.

(3) Computed based on the Purchase Consideration of an amount equivalent to approximately S$24.68 million.

(4) Computed based on the market capitalisation of the Company of S$68.18 million, which is computed based on 623,825,811 shares (excluding treasury shares) in issue and the weighted average price of S$0.1093, as at 6 May 2024, being the last trading day prior to the signing of the Agreement.

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

(6) Not applicable as neither the Company nor Unigloves Germany is a mineral, oil or gas company.

As the net profit attributable to Unigloves Germany and its subsidiary exceeds 5.0% of the consolidated net loss of the Group for 1H FY24 and the relative figure computed on the basis of Rule 1006(c) does not exceed 75%, the Acquisition is considered a discloseable transaction as defined in Chapter 10 of the SGX-ST's Listing Manual Section B: Rules of Catalist.

3.6 Completion of the Acquisition

As of the date of this announcement, all Closing Conditions under the Agreement have been fulfilled and the Acquisition is completed.

4. FINANCIAL EFFECTS OF THE ACQUISITION

4.1 Assumptions

The pro forma financial effects of the Acquisition on the net tangible assets (the "**NTA**") per share and loss per share (the "**LPS**") of the Group as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Acquisition.

The financial effects of the Acquisition set out below have been prepared based on the Group's latest audited consolidated financial statements for full year ended 30 June 2023 ("**FY23**") and

Unigloves Germany's audited management accounts for 31 December 2023, and the following based and assumptions:

(a) that the Acquisition had been completed on 1 July 2022 for the purposes of illustrating the financial effects on the LPS;

(b) that the Acquisition had been completed on 30 June 2023 for the purposes of illustrating the financial effects on NTA;

(c) the computation does not take into account any expenses that may be incurred in relation to the Acquisition; and

(d) the share capital of the Company is taken to be as at the date of this announcement, being 623,825,811.

4.2 Loss per Share

The pro forma financial effects on the Group's LPS for FY23 would be as follows:

	Before the Acquisition	After the Acquisition
Loss attributable to shareholders of the Company (S$)	20,733,428	20,430,193
Weighted average number of shares	623,825,811	623,825,811
LPS (Singapore cents)	3.32	3.27

4.3 Net Tangible Assets

The pro forma financial effects on the Group's NTA as at 30 June 2023 would be as follows:

	Before the Acquisition	After the Acquisition
NTA (S$)	180,227,826	160,285,525
Number of shares in issue	623,825,811	623,825,811
NTA per share (Singapore cents)	28.89	25.69

5 INTERESTS OF THE DIRECTORS AND SUBSTANTIAL 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 Acquisition contemplated therein, other than through their respective directorships and/or shareholding interests, if any, in the Company.

6 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 Acquisition, 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.

7 DIRECTORS' SERVICE CONTRACTS

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

8 DOCUMENTS FOR INSPECTION

The Agreement is 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 for a period of 3 months from the date of this announcement.

9 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 Acquisition is subject to, amongst others, the fulfilment of the conditions in the Agreement. 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

8 May 2024

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*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 (the "**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