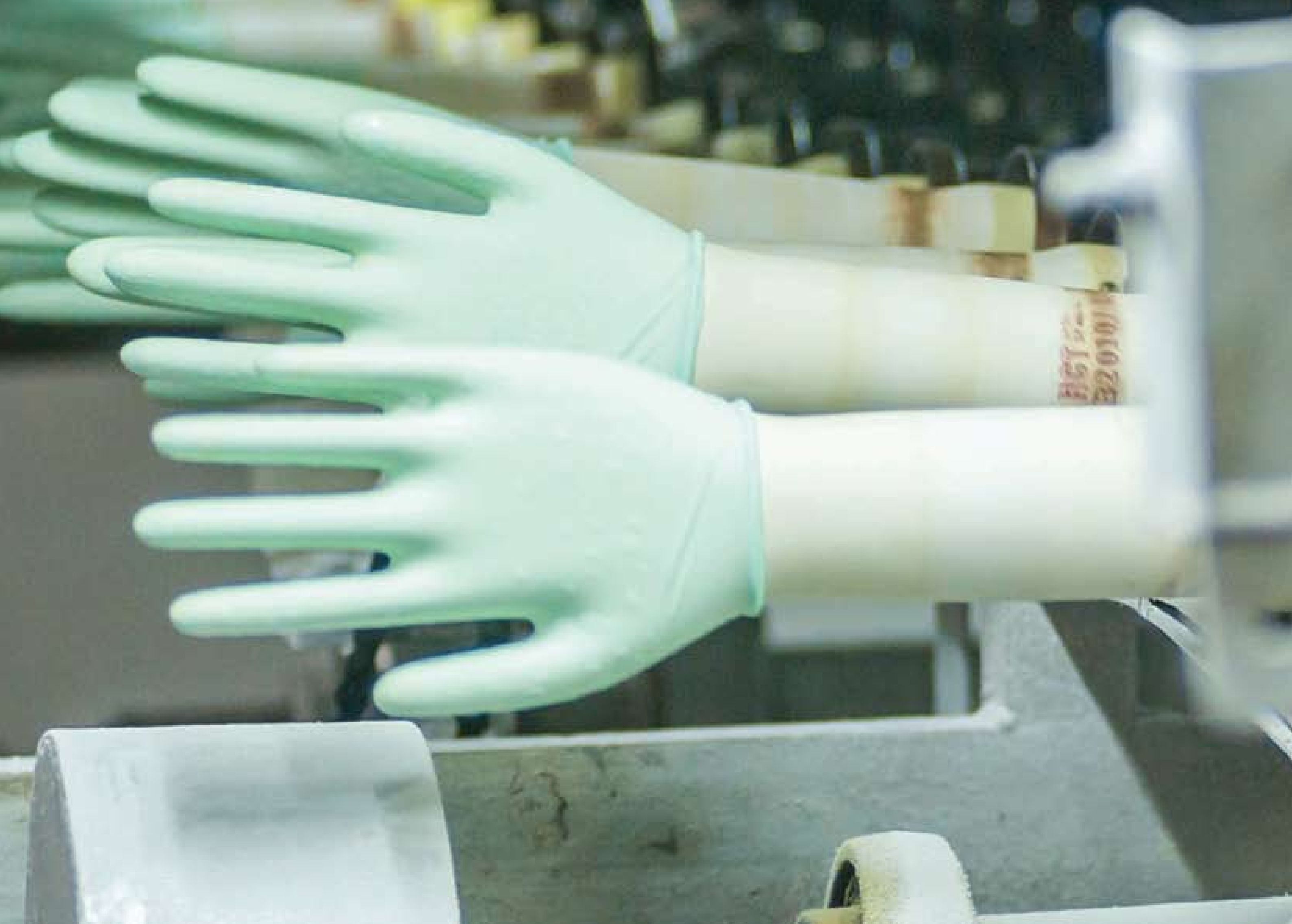
SOARING TO NEW HEIGHTS

Annual Report 2015

UG HEALTHCARE CORPORATION LIMITED



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Corporate Information

This Annual Report has been prepared by UG Healthcare Corporation Limited (the "Company") and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms. Tan Pei Woon (Telephone no.: (65) 65323829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

Corporate Profile

UG Healthcare Corporation Limited (优格医疗有限公司) and together with its subsidiaries ("UG Healthcare" or the "Group"), is an established natural latex and nitrile examination gloves manufacturer and distributor. The Group is also involved in the distribution of ancillary products, such as surgical, vinyl and cleanroom gloves, face masks and other medical disposals.

Currently, the Group has two manufacturing facilities located in Seremban, Malaysia. To complement this manufacturing platform, it has established an extensive distribution network globally through its own distribution companies based in the United States of America ("USA"), United Kingdom ("UK"), Germany, the People's Republic of China ("PRC") and Nigeria, as well as through third party distributors.

Through this extensive distribution network, its products are sold to more than 50 countries including Germany, Nigeria, the PRC, USA, UK, France, Italy, Austria, Switzerland, the Netherlands, Japan, South Korea, Canada and Brazil.

Started in 1989, the Group has built its reputation as a reliable manufacturer and distributor of natural latex and nitrile examination gloves under several brand names including its proprietary "Unigloves" brand name as well as third party labels where it is engaged as original equipment manufacturer.

The Group's competitive edge lies in the successful integration of its manufacturing and distribution businesses. The integrated platforms allow the Group to have full control over the entire supply chain, including (1) the production process, where it can carry out stringent quality control checks at every stage to ensure consistent product quality and compliance with various stringent international standards, as well as (2) the distribution of its products to end-users and intermediaries. With its own facilities, the Group is also able to customise products to meet the evolving requirements of customers in a cost effective manner.

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

Business Segments

In UG Healthcare, we manufacture and distribute natural latex and nitrile examination gloves under several brands including our "Unigloves" brand name as well as third party labels where we are engaged as original equipment manufacturer. Our extensive product range includes gloves of various colours and scents to appeal to different needs and preferences, and are used across a diverse range of industries.

We also distribute ancillary products including surgical, vinyl and cleanroom gloves, face masks, and other medical disposables.

Types of Gloves	Characteristics	Industries
Natural latex examination gloves	• Made from renewable source of raw material, natural rubber latex, thus making them more environmentally friendly as they are biodegradable • Low level of extractable protein, chemical residuals and/or antigenic protein	**Healthcare** - Hospitals - Dental clinics - Nursing homes and hospices - Social services
Nitrile examination gloves	• Made from a synthetic elastomer, instead of natural rubber latex • Excellent barrier protection which provides more puncture resistance • Most suitable for users sensitive to latex protein	**Research and development** **Food and beverages**
Vinyl gloves	• Most economical and cost effective • Suitable for users sensitive to latex protein	**Others**
Surgical gloves	• Extra strength and length that provide additional protection from surgical debris	**Healthcare** - Hospitals
Cleanroom gloves	• Low ionic residual levels particle counts and pinhole levels • High resistance to punctures and tears	**High technology manufacturing** - Semiconductor manufacturing - Electronics - Pharmacies - Laboratories - Optics

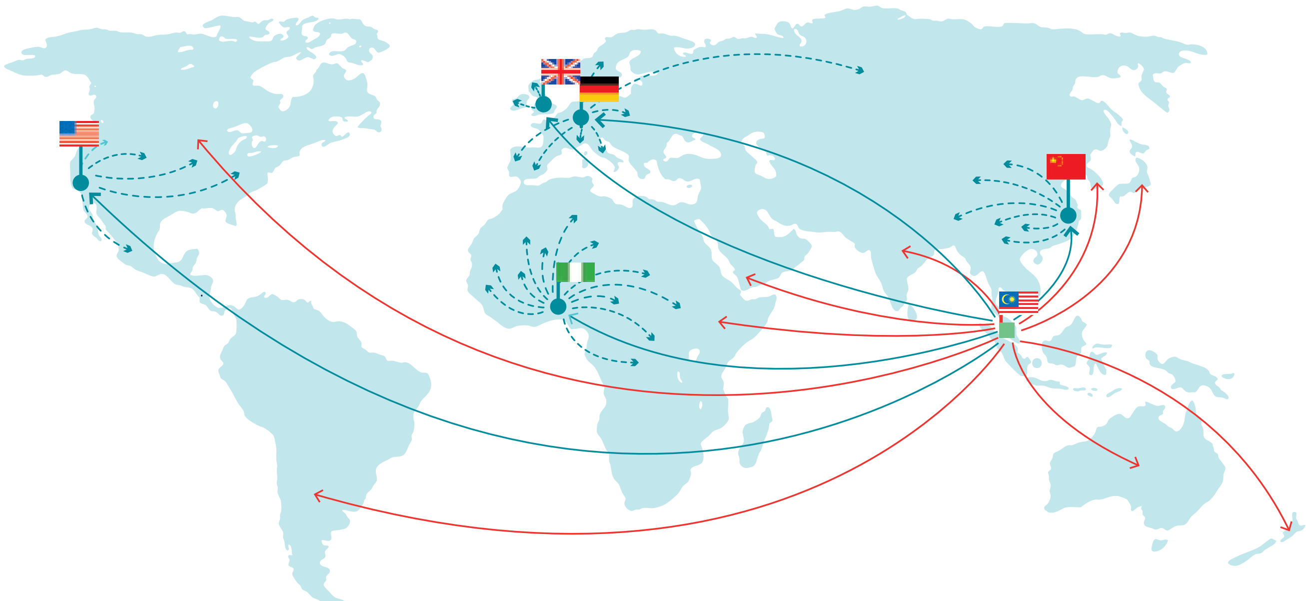
Business Segments

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

Upgrading of production lines to produce surgical examination gloves in this manufacturing facility is underway.

This manufacturing facility began production in 2013 and the Group is increasing the planned production capacity progressively.

To complement our manufacturing platform, we sell our products to more than 50 countries including Germany, Nigeria, the PRC, USA, UK, France, Italy, Austria, Switzerland, Netherlands, Japan, South Korea, Canada and Brazil through our established distribution platform.



Manufacturing Facilities · Group's Owned Distribution Companies · Third-party Distribution · Local Distribution Network

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

Letter to Shareholders

"UG Healthcare is poised to pursue growth opportunities, as it continues to expand prudently in its production and sales and distribution network, underpinned by customer and market demand for examination gloves"

On behalf of the Board of UG Healthcare Corporation Limited (优格医疗有限公司) ("UG Healthcare" or the "Group"), we are pleased to present to you our inaugural annual report for the financial year ended 30 June 2015 ("FY2015").

2014 marked a significant milestone in our corporate history. Our listing on the Singapore Exchange on 8 December 2014 has strengthened UG Healthcare's position to propel our momentum in the international arena as an established disposable glove manufacturer and distributor in the growing hygiene and healthcare industry. We are delighted by the overwhelming investors' confidence in UG Healthcare and we extend a warm welcome to all our new shareholders.

Letter to Shareholders

Setting sights on growth

The Group is committed to grow prudently from strength to strength, seizing opportunities to expand progressively in its product range, manufacturing capabilities and capacity, as well as its global distribution network.

During the financial year, we increased our production capacity from 1.3 billion gloves per annum to 1.5 billion gloves per annum, while our exports to UK, USA, China, Nigeria and Brazil continued to grow. In January 2015, we incorporated a wholly-owned subsidiary, UGHC Marketing Pte. Ltd. in Singapore to carry out the trading activities of the Group.

For FY2015, the Group achieved record revenue of S$55.7 million, an increase of 13.7% from S$49.0 million a year ago. The higher revenue was attributed to the increase in the volume of gloves produced and sold on the back of a higher production capacity, but partially offset by pricing pressure amid intense competition in the gloves manufacturing industry.

The Group's continuous effort in broadening and deepening its global distribution network and its preparation for the upcoming expansion in production capacity to 1.9 billion gloves per annum led to higher operating costs in the year.

Taking into account the one-off expense related to the listing of the Group, net profit attributable to shareholders for FY2015 was 35.4% lower at S$3.2 million as compared to S$4.9 million in FY2014.

Nevertheless, we are confident that our business model which encompasses both manufacturing and global distribution platforms, will continue to allow UG Healthcare to effectively and efficiently (i) promote its brand name, (ii) provide on-the-ground customer service and technical support to its end-users in each local market, and (iii) enhance its overall value chain management down to the end-users. Consequently, the Group will be able to (i) identify changing market trends, (ii) facilitate the flow of market information to its manufacturing teams, and (iii) respond swiftly to customers' evolving needs in a cost-efficient manner. This competitive edge will enable the Group to continue to grow its established wide customer network and build on its credible track record.

While the expansion in production capacity is underway, the Group has also embarked on upgrading some of its existing production facility to produce surgical examination gloves to keep up with the new technologies and to meet customers' requirements. This upgrading is expected to complete within financial year ending 30 June 2016 ("FY2016").

The Group does not have a fixed dividend policy. At our IPO, we stated that the Group intends to declare and distribute dividends of at least 20% of its net profit after tax to our shareholders for each financial year commencing from FY2016.

Prospects for the disposable glove industry remain bright

Amid the anticipated slowdown in the domestic and local economies, and keen competition among major glove manufacturers, the prospects remain healthy and demand for examination gloves would continue to be underpinned by greater hygiene and healthcare awareness.

Usage of disposable gloves in healthcare industries in emerging countries generally lag behind developed countries. With greater awareness of hygiene amongst healthcare professionals and the public, coupled with a convergence towards internationally accepted hygiene and healthcare standards, there is a potential for growth in the demand for disposable gloves. Our distribution companies in China and Nigeria allow us to capitalize on this potential growth opportunity.

Disposable gloves serve as a basic necessity in the healthcare industry to prevent cross contamination and disease transmission. However, it has also seen increasing usage in non-healthcare industries such as industrial, laboratories, food handling and pharmaceutical, spurring demand for disposable gloves.

In addition, Malaysia dominates more than 60% of the global market share for disposable gloves and its glove manufacturing industry has a long-standing history and reputation for quality products. According to the Malaysia Rubber Export Promotion Council, the total value of exports of rubber gloves was RM10.7 billion in 2014, exceeding the RM10.5 billion achieved in 2013.

We believe that the continuous demand for disposable gloves would help the gloves manufacturing industry to remain resilient, even in times of economic downturns. Through our extensive global distribution platform and increasing production capacity, UG Healthcare is well-positioned to ride on these positive industry trends.

Acknowledgements and Appreciation

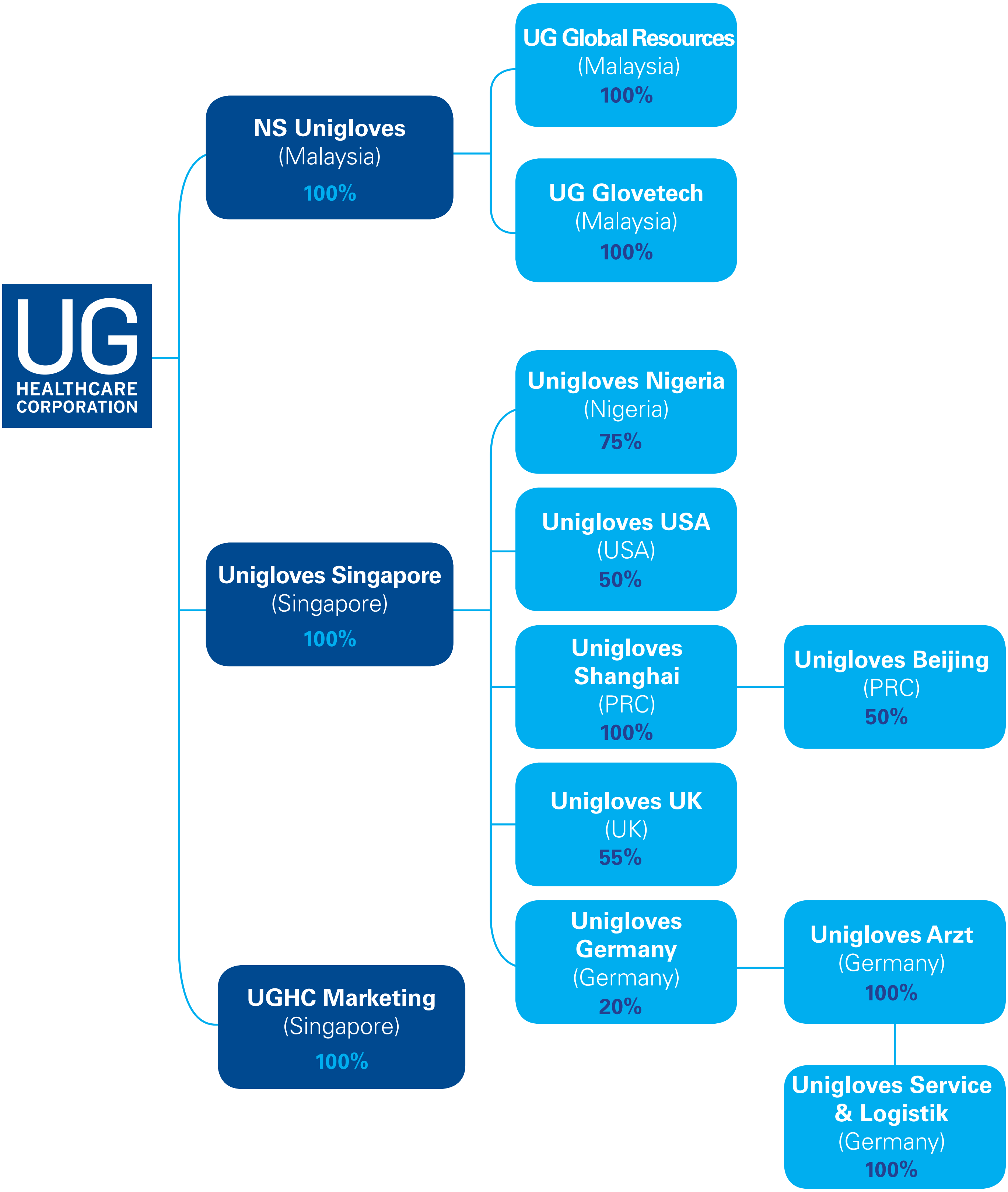
On behalf of the Board, we extend our sincere appreciation to our customers, business partners, bankers, professionals and dedicated employees for their contributions and strong support, which brought UG Healthcare to where it is today.

We would also like to convey our warmest gratitude to our shareholders for their support and confidence in us, and we look forward to their continued support as we strive to strengthen the Group's businesses to enhance shareholder value.

YIP WAH PUNG
Non-Executive Chairman
and Independent Director

ANG BENG TECK
Chief Executive Officer
and Executive Director

Corporate Structure



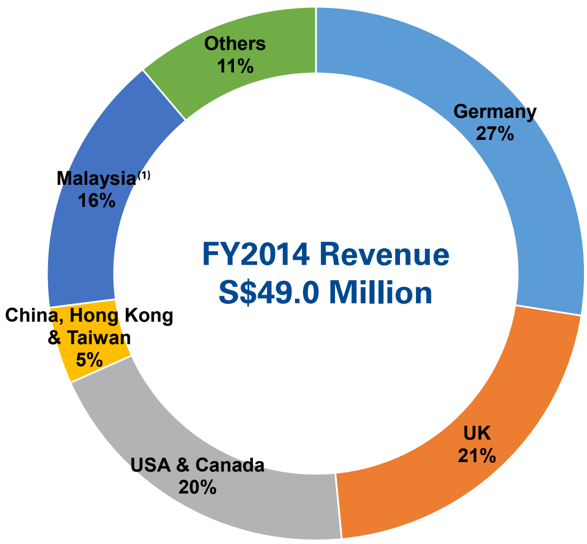
Performance Review

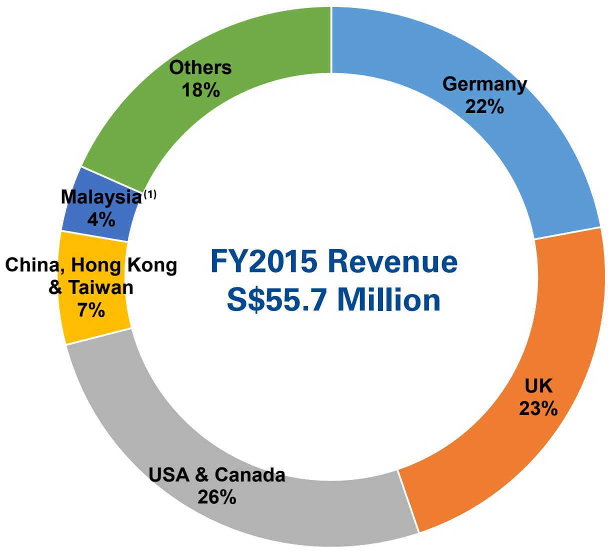
UG Healthcare achieved revenue of **S$55.7 million** in FY2015, an increase of **13.7%** over FY2014. This was mainly due to the increase in the volume of gloves produced and sold, which was partially mitigated by a reduction in the average selling price ("**ASP**") of the Group's products, particularly its latex examination gloves.

UG Healthcare currently has two manufacturing plants located in Seremban, Malaysia. During the financial year, it added a new production line, bringing its production capacity to 1.5 billion gloves per annum, from 1.3 billion previously. This additional production capacity contributed to an increase in exports to UK, USA, China, Nigeria and Brazil, which drove revenue growth.

The Group intends to continue to expand its production capacity to achieve up to approximately 1.9 billion gloves per annum by the end of FY2016. It is also in the process of upgrading its production lines at one of the plants to be able to produce surgical examination gloves.

Group Revenue by Geographical Locations





In line with the increase in revenue, its cost of sales increased by 13.9% year-on-year to S$44.2 million in FY2015. This led to gross profit increasing by 13.2% year-on-year to S$11.5 million. However, as the ASP of its latex examination gloves was lower, its gross profit margin decreased slightly from 20.8% in FY2014 to 20.7% in FY2015.

(1) Our Malaysia customers comprise mainly intermediaries that export our products to overseas market.

Performance Review

Group Revenue by Product Segments

FYE 30 Jun (S$'000)	Revenue FY2014	Revenue FY2015	Revenue YoY Change	Gross Profit FY2014	Gross Profit FY2015	Gross Profit YoY Change
Latex examination gloves	28,921	32,202	11.3%	5,959	6,150	3.2%
Nitrile examination gloves	17,292	20,015	15.7%	3,667	4,671	27.4%
Other ancillary products	2,796	3,523	26.0%	576	728	26.4%
Total	49,009	55,740	13.7%	10,202	11,549	13.2%

Other income of S$1.4 million in FY2015 mainly comprised unrealized foreign exchange gain of S$1.2 million and negative goodwill arising from the acquisition of Uni-Medical Healthcare Limited of S$0.1 million. This was S$0.9 million higher than that recorded in FY2014.

The Group's expenses were generally higher as the team endeavored to bring the business to the next level of growth. UG Healthcare's current distribution network spans across more than 50 countries, including Germany, USA, UK, Nigeria, China, Austria and Switzerland. As it continues to deepen its distribution network in UK, China and Nigeria, the Group incurred higher marketing and distribution expenses, as well as administrative expenses. Marketing and distribution expenses increased by S$1.0 million to S$1.3 million in FY2015, while administrative expenses was S$2.6 million higher at S$6.9 million.

As the Group had completed its IPO in December 2014, it incurred IPO expenses amounting to S$2.3 million during the financial year, of which S$0.8 million was changed to profit and loss. It financed the construction of the new production line by tapping into existing loan facilities. As a result of the loan drawdown, finance costs increased by S$0.06 million to S$0.35 million in FY2015.

Along with a S$0.1 million lower share of profits from associates to S$0.5 million, due to lower contribution from its associated company in Germany, net profit attributable to shareholders decreased 35.4% to S$3.2 million in FY2015.

Financial Position

The Group's balance sheet remains strong, with cash and bank balances of S$7.1 million as at 30 June 2015. Its non-current assets was S$2.2 million higher at S$19.6 million, mainly due to the acquisition of property, plant and equipment of S$3.6 million, partially offset by depreciation amounting to S$0.9 million and share of results from associates of S$0.2 million. The Group had also acquired intangible assets comprising business licences and goodwill, amounting to S$0.3 million from the acquisition of Uni-Medical Healthcare Limited and a local UK distribution business.

Current assets increased by S$9.2 million to S$32.2 million as at 30 June 2015. This was mainly due to an increase in inventories, an increase in trade and other receivables as well as an increase in cash and bank balances. Inventories increased by S$1.2 million to S$10.2 million as at 30 June 2015 as the Group had stocked up its gloves in its overseas

Performance Review

warehouse so that it would be able to cater for the demand for its products without compromising on the delivery lead time to end customers. Trade and other receivables increased by S$4.8 million to S$14.8 million mainly due to an increase in orders from customers towards the end of FY2015. The Group's cash and bank balances increased by S$3.3 million to S$7.1 million mainly due to the remaining unutilized IPO proceeds it had received.

Shareholder's equity comprises share capital, merger reserve, retained earnings, foreign currency translation reserves and non-controlling interests. Shareholders' equity increased by S$7.0 million to S$36.9 million due to an increase in share capital due to the issuance of new shares relating to the restructuring exercise amounting to S$33.7 million and the S$3.2 million net profit attributable to shareholders for FY2015. This increase was partially offset by (i) a decrease in the foreign currency translation reserves of S$2.4 million due to the weakening of Ringgit Malaysia against the Singapore dollar, (ii) its IPO expenses of S$1.5 million, and (iii) a merger reserve of S$25.9 million arising from the restructuring exercise.

The Group's non-current liabilities was S$5.0 million as at 30 June 2015, an increase of S$0.3 million over the previous year. This was due to the increase in recognition of deferred tax liabilities of S$0.6 million that was partially offset by a S$0.2 million reduction in long term borrowings.

Current liabilities increased by S$4.1 million to S$9.7 million at end of June 2015. The Group had recognized S$0.6 million in derivative financial instruments arising from its purchase of forward foreign exchange contracts. Its trade and other payables had increased by S$3.1 million due to increased purchases of raw materials and usage of utilities from the increase in production volume owing to the new production line. The Group had also utilised S$0.2 million more trade financing facilities as well as increased its bank overdraft by S$0.1 million for working capital purposes.

Cash flow

The Group's net cash generated from operating activities in FY2015 was S$2.0 million. This comprises operating cash flows before changes in working capital of S$5.3 million, adjusted by net working capital outflow of S$1.7 million, interest and taxes paid of S$0.3 million and S$1.2 million respectively. The net working capital outflow was due mainly to increases in inventories of S$0.7 million and trade and other receivables of S$4.1 million, which was partially offset by an increase in trade and other payables of S$3.1 million.

Net cash used in investing activities was S$3.6 million in FY2015, due mainly to the purchases of property, plant and equipment amounting to S$3.6 million and intangibles of S$0.1 million. This was partially offset by S$0.2 million net cash inflow from the acquisition of a subsidiary.

Net cash from financing activities amounted to S$4.8 million during the year. This was mainly due to the IPO proceeds of S$6.2 million and payment of shares issue expenses of S$1.5 million.

Board of Directors

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

Mr. Yip Wah Pung is the Independent Non-Executive Chairman of the Company, Chairman of the Audit Committee and member of the Remuneration Committee. He was appointed to the Board on 20 November 2014.

Mr. Yip has over 37 years of experience in the audit and tax industry. He started his career as a tax examiner at the Income Tax Department of Malaysia in February 1977, where he worked for 12 years. From February 1989 to August 1989, he joined W.M Lam & Co, an audit firm, as a senior associate. Subsequently, he joined K.W. Chong & Co as an audit manager from September 1989 to November 1994 before he started his own audit firm, W.P. Yip & Co in 1994, where he is currently a partner. The audit firm is principally engaged in the provision of tax and audit services.

Mr. Yip graduated from Tunku Abdul Rahman College with a diploma in Commerce in June 1977. He has been a member of (i) the Malaysian Institute of Accountants since 1980, (ii) the Association of Chartered Certified Accountants since 1980, (iii) the Malaysian Institute of Chartered Secretaries and Administrators since 1980, and (iv) the Chartered Tax Institute of Malaysia since 1995.

Mr. Ang Beng Teck
Executive Director and Chief Executive Officer

Mr. Ang Beng Teck is the co-Founder, the Executive Director and Chief Executive Officer of the Company. He was appointed to the Board on 30 September 2014.

Mr. Ang has been the managing director of N. S. Unigloves Sdn. Bhd ("NS Unigloves") (currently a subsidiary of the Company), since 1988 and has been instrumental to the Group's growth. He has over 26 years of experience in the glove industry and he is responsible for overseeing (i) the formulation of overall business and corporate policies and strategies of the Group; (ii) the overall management of the business and operations of the Group; and (iii) the Group's overall business development. He also serves as a director on the boards of the Company's subsidiaries and associated companies.

Mr. Ang started his career as a teacher at Chung Hwa Secondary School, Kelantan in September 1968. Thereafter, he taught at Undang Jelebu Secondary School, Negeri Sembilan from 1971 to 1981 before he joined Sekolah Rendah Jenis Kebangsaan Yuk Hua, Negeri Sembilan as a teacher from 1981 to 1988.

Mr. Ang undertook a training course for teachers at the Regional Teachers' Centre, Kota Bahru, Kelantan from 1966 to 1967. He was appointed a Justice of the Peace by His Royal Highness (HRH) The Yang Di Pertuan Besar of Negeri Sembilan in 1998.

Mr. Lee Keck Keong
Non-Executive Director

Mr. Lee Keck Keong is the co-Founder and Non-Executive Director of the Company, as well as a member of the Audit, Remuneration and Nominating Committees. He was appointed to the Board on 20 November 2014.

Mr. Lee has been instrumental in successfully leading the Group to become an established player in the gloves manufacturing industry. He also serves as a non-executive director to the boards of the Company's subsidiaries and associated companies. Mr. Lee graduated from the University of Surrey in 1977 with a degree in chemical engineering. Upon graduation, he started his career as a chemical engineer in a state-owned company. Thereafter, he entered into various business ventures in diverse industries, including mining, saw milling, property development and timber development.

Mr. Lee Jun Yih
Executive Director

Mr. Lee Jun Yih is the Executive Director of the Company and was appointed to the Board on 10 November 2014.

Mr. Lee is primarily responsible for oversight and management of the Group's business and corporate development, and works together with the Chief Executive Officer to formulate the overall business and corporate policies and strategies for the Group.

Mr. Lee joined the Group in July 2011 as a director of Shanghai Full-10 International Trading Co., Ltd, ("Unigloves Shanghai") (currently a subsidiary of the Company), focusing on business and corporate development. He was subsequently appointed as a director of Unigloves (UK) Limited (currently a subsidiary of the Company) in April 2013, and NS Unigloves and Uni-Medical Healthcare Limited (currently both subsidiaries of the Company) in May 2014 and August 2014 respectively.

Having graduated from Pembroke College, University of Cambridge with a Bachelor of Arts (Law) in June 2004, Mr. Lee began his career as a solicitor with Freshfields Bruckhaus Deringer, an international law firm, in its Hong Kong, London and Beijing offices in 2005 before joining JP Morgan, London, and UBS AG, Hong Kong as an analyst in the Investment Banking Division in August 2007 and April 2008, respectively. Thereafter, he joined AEGON Asset Management as an associate in January 2010.

He was admitted as a Solicitor of the High Court of the Hong Kong Special Administrative Region in September 2007.

Board of Directors

Mr. Wong See Keong
Executive Director

Mr. Wong See Keong is the Executive Director of the Company and was appointed to the Board on 20 November 2014.

Mr. Wong is responsible for oversight and management of the Group's manufacturing and operations department, as well as to spearhead the Group's research and development efforts. Mr. Wong has been with the Group for approximately 26 years and played a crucial role in its expansion of manufacturing capacity and development of new products over the years.

Mr. Wong started his career with the Group in November 1988 as a technologist and later became the Manufacturing Manager in July 1994 and General Manager of Operations in September 2007.

Mr. Wong graduated from Universiti Pertanian Malaysia with a Bachelor of Science (Chemistry and Education) in August 1986.

Mr. Lee Jun Linn
Executive Director

Mr. Lee Jun Linn is the Executive Director of the Company and was appointed to the Board on 20 November 2014.

Mr. Lee is responsible for directing the Group's sales, marketing and distribution platforms, and focuses on developing the Group's marketing strategies and expanding its distribution network.

Starting his career with the Group as an Assistant General Manager of Unigloves Shanghai in April 2008, Mr. Lee rose through ranks to become General Manager of Unigloves Shanghai in 2012. He was also appointed as a director of Unigloves Shanghai in July 2011.

Mr. Lee graduated from University College London with a Bachelor of Science (Economics) degree in August 2006 and subsequently obtained a Master of Science (International Management (China)) degree from the School of Oriental & African Studies in London in December 2007.

Mr. Lim Teck Chai, Danny
Independent Director

Mr. Lim Teck Chai, Danny is the Independent Director of the Company, Chairman of the Nominating Committee and member of the Audit Committee. He was appointed to the Board on 21 August 2014.

Mr. Lim is currently an equity partner in Rajah & Tann Singapore LLP. He joined Rajah & Tann Singapore LLP in May 1998 and has since been practising and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructurings, amongst others, and his clients include multi-national corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.

Mr. Lim has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999. He is currently an equity partner in Rajah & Tann Singapore LLP and he is also a member of the Law Society of Singapore and the Singapore Academy of Law.

Mr. Lim graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in July 1998 and a Master of Science (Applied Finance) degree from Nanyang Technological University in April 2006.

Mr. Lim is currently an independent director of Tee Land Limited, a Mainboard company listed on the SGX-ST, and China Star Food Group Limited, a Catalist company listed on the Catalist Board of the SGX-ST.

Mr. Ng Lip Chi, Lawrence
Independent Director

Mr. Ng Lip Chi, Lawrence is the Independent Director of the Company, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees. He was appointed to the Board on 20 November 2014.

Mr. Ng is currently Head, Strategy and Business Development of DC Frontiers Pte. Ltd., a firm that provides mapping of relational information of capital markets participants. He is also an executive director of NLC Advisory Pte. Ltd., a firm that provides corporate advisory services. He has extensive experience in international mergers and acquisitions and corporate finance, having worked in a professional services firm and investment banks, such as Arthur Andersen, Credit Agricole Indosuez Merchant Bank Asia Ltd and DBS Bank Ltd., as well as in-house corporate finance for an Asian natural resources conglomerate.

Mr. Ng has advised companies on a wide range of transactions including acquisitions, divestitures, joint ventures, spin-offs, buyouts, reverse takeovers and capital raisings. His previous clients include multi-national companies, local and overseas listed companies, private enterprises and private equity firms.

Mr. Ng graduated from the National University of Singapore with a Bachelor of Business Administration and is also a Chartered Financial Analyst.

Key Management

Mr. Terence Yap Seng Keong

Chief Financial Officer

Mr. Terence Yap Seng Keong is the Chief Financial Officer of the Group and he joined the Group in April 2014.

Mr. Yap is responsible for the oversight and control of the Group's overall accounting and finance function, including monitoring and coordinating the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST.

Mr. Yap started his career with BDO Binder in July 1995 where he was promoted to the position of senior audit manager before leaving in April 2006. He then joined KPMG (Melaka Branch) as the branch head from May 2006 to August 2006. Thereafter, he returned to BDO Binder as the senior manager where he was in charge of auditing and administrative matters until November 2010. He then joined Silverlake Structured Services Sdn Bhd as a finance manager before moving to Sunrich Resources Sdn Bhd in 2011 performing the role of a finance manager as well. Subsequently, he joined Mustapha, Khoo & Co as a chief audit executive in 2012 and he was responsible for performing audit on the firm's clients.

In March 2013, Mr. Yap was appointed as head of governance at a Bursa-listed company New Hoong Fatt Holdings Berhad where his areas of responsibilities include internal audit, secretarial matters, Bursa reporting and investor relations. He then moved to become Chief Financial Officer at MTD ACPI Engineering Berhad, where he was responsible for overseeing finance and accounting functions before joining the Group.

Mr. Yap graduated from Kolej Tunku Abdul Rahman with a Diploma in Commerce (Financial Accounting), ACCA, in May 1995. He is also a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Accountants.

Ms. Wong Pek Wee

Head of Manufacturing

Ms. Wong Pek Wee is Head of Manufacturing of the Group and is responsible for oversight and management of the Group's entire glove manufacturing process, which includes planning for the whole glove manufacturing and production process, quality assessment as well as research and development with a focus on cost efficiency.

Ms. Wong joined the Group as a chemist in January 1997. She rose through the ranks to become Executive (Manufacturing) in January 1998, Production Manager in January 2000, Manufacturing Manager in September 2007 and subsequently, to become Head of Manufacturing.

Ms. Wong started her career as a chemist with Cospac Sdn Bhd from June 1993 to May 1995. Prior to joining the Group, she was a temporary teacher with Sekolah Menengah Chung Ching, Raub Pahang.

Ms. Wong graduated from University of Malaya with a Bachelor of Science (Chemistry) in July 1993.

Mr. Ang Beng Chee

Head of Administration

Mr. Ang Beng Chee is the Head of Administration of the Group and is responsible for oversight of the Group's logistics, administration, compliance and human resource functions.

Mr. Ang joined the Group as a factory manager in October 1988 when the Group commenced its operations, and was subsequently promoted to General Manager (Administration) in September 2007.

Mr. Ang started his career in January 1974 as a general assistant at Ang Choon Swee Trading Agency, in charge of issuing workman and motor vehicle cover notes. He then joined Geological Survey Department of Malaysia as a geological assistant from September 1977 to June 1985. Prior to joining the Group, he was with Malaysia Mining Corporation as a geological assistant from August 1985 to September 1988.

Mr. Ang completed his education in Sekolah Menengah Undang Jelebu in August 1973.

Corporate Governance Report

UG Healthcare Corporation Limited (the "Company" or "UG") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2012 (the "Code") which forms part of the continuing obligations of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "SGX-ST")("Catalist Rules"). The Group has complied with the principles and guidelines set out in the Code, where appropriate.

This report describes the Group's corporate governance practices that were in place throughout the financial year ended 30 June 2015 ("FY2015").

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The primary function of the Board of Directors (the "Board") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operating initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include:

- Setting the Group's strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.
- Overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting and compliance.
- Reviewing the performance of management and overseeing succession planning for management.
- Setting the Group's values and standards (including ethical standards) and ensuring the obligations to shareholders and other stakeholders are understood and met.
- Considering sustainability issues as part of the strategic formulation.

Independent judgement

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

The current members of the Board and their membership on the board committees of the Company are as follows:

	Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
1	Yip Wah Pung	Non-Executive Chairman and Independent Director	Chairman	–	Member
2	Ang Beng Teck	Chief Executive Officer and Executive Director	–	–	–
3	Lee Keck Keong	Non-Executive Director	Member	Member	Member
4	Lee Jun Yih	Executive Director	–	–	–
5	Wong See Keong	Executive Director	–	–	–
6	Lee Jun Linn	Executive Director	–	–	–
7	Lim Teck Chai, Danny ("Danny Lim")	Independent Non-Executive Director	Member	Chairman	–
8	Ng Lip Chi, Lawrence ("Lawrence Ng")	Independent Non-Executive Director	Member	Member	Chairman

Currently, the Board comprises eight(8) members. There is a strong and independent element on the Company's Board. Of the eight (8) members, one (1) is Non-Executive Director and three(3) are Independent Non-Executive Directors.

Corporate Governance Report

Delegation by the Board

The Board has delegated certain functions to the board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each of the board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key features of Board processes

The dates of Board and board committee meetings as well as annual general meeting ("AGM") are scheduled in advance. To assist Directors in planning their attendance, the Company Secretary consults every Director before fixing the dates of these meetings. The Board meets at least two times a year and as warranted by particular circumstances. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company's Articles of Association. The details of the number of Board and board committee meetings held in the year as well as the attendance of each board member at those meetings are disclosed below.

Directors' attendance at Board and board committee meetings in FY2015

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**No. of Meetings Held[1]**	**No. of Meetings Attended**	**No. of Meetings Held[1]**	**No. of Meetings Attended**	**No. of Meetings Held[1]**	**No. of Meetings Attended**	**No. of Meetings Held[1]**	**No. of Meetings Attended**
Yip Wah Pung	3	3	3	3	2[2]	2[2]	2	2
Ang Beng Teck	3	3	3[2]	3[2]	2[2]	2[2]	2[2]	2[2]
Lee Keck Keong	3	3	3	3	2	2	2	2
Lee Jun Yih	3	3	3[2]	3[2]	2[2]	2[2]	2[2]	2[2]
Wong See Keong	3	3	3[2]	3[2]	2[2]	2[2]	2[2]	2[2]
Lee Jun Linn	3	3	3[2]	3[2]	2[2]	2[2]	2[2]	2[2]
Danny Lim	3	3	3	3	2	2	2[2]	2[2]
Lawrence Ng	3	3	3	3	2	2	2	2

[1] Represents the number of meetings held as applicable to each individual director.

[2] Attendance at meetings on a "By Invitation" basis.

Board's approval

Matters specifically reserved for the Board's approval are listed below:

- Strategies and objectives of the Group;
- Announcement of half-year and full year financial results and release of annual reports;
- Issuance of shares;
- Declaration of interim dividends and proposal of final dividends;
- Convening of shareholders' meetings;
- Material investments, divestments or capital expenditure;
- Commitments to term loans and lines of credits from banks and financial institutions; and
- Interested person transactions.

Clear directions have been imposed on management that the above matters must be approved by the Board.

Induction and training of Directors

The Company ensures that incoming new Directors are given guidance and orientation (including onsite visits, if necessary) to get them familiarised with the Group's business, operations and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops as relevant and/or applicable.

The Group has an open policy for professional training for all the Board members, including Executive Director and Independent Directors. The Company endorses the Singapore Institute of Directors ("SID") training programs and sets a budget for such training and professional development programs. All Board members are encouraged to attend relevant training organised by the SID or any other organisation which provides relevant training courses for directors. The cost of such training will be borne by the Company.

Briefings, updates and trainings provided for Directors in FY2015

The NC reviews and makes recommendations on the training and professional development programs to the Board.

All Directors, except Danny Lim, had no prior experience as directors of a public listed company in Singapore prior to their appointment to the Board. They had undergone courses held by the SID to familiarize themselves with the roles and responsibilities of directors.

During the AC meeting, the Directors were briefed by the external auditors on the recent changes to the accounting standards and regulatory updates. The Chief Executive Officer updates the Board during the Board meeting on the business and strategic developments of the Group.

News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority, which including amendment of Companies Act, were circulated to the Board. Management keeps the Board informed of business trends in the industry by circulating to the Board articles, reports and press releases relevant to the Group's business.

Principle 2: Board Composition and Guidance

Board size and composition

The Board comprises eight (8) Directors, of which four (4) are Executive Directors, one (1) is Non-Executive Director, and three (3) are Independent Non-Executive Directors.

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's business and the number of board committees, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making.

Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factor which would render a Director to be deemed not independent. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Independent Directors make up one-third of the Board, which meets the requirements set out in the Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

Principle 3: Chairman and Chief Executive Officer

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

The Chairman of the Board and the Chief Executive Officer (the "CEO) are two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

Mr Yip Wah Pung, is an Independent Non-Executive Director and also the Chairman of the Board. He assumes the responsibility for the smooth functioning of the Board and ensures timely flow of information between the management and the Board; sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board; ensure effective communication with shareholders; facilitate the effective contribution of non-executive directors in particular; and promotes high standards of corporate governance.

Mr Ang Beng Teck, is an Executive Director and also the CEO. He assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

There is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. The Board is satisfied that a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

All the board committees are chaired by Independent Directors and one third of the Board consists of Independent Directors.

Principle 4: Board Membership

The NC consists of two (2) Independent Non-Executive Directors and one (1) Non-Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr Danny Lim – Chairman
Mr Lee Keck Keong – Member
Mr Lawrence Ng – Member

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:

– review the size, structure and composition of the Board;

– identify, review and recommend candidates to the Board including the appointment of alternate directors, if any, board committee, CEO, deputy CEO, chief financial officer and chief risk officer;

- recommend to the Board re-nominations of existing directors for re-election in accordance with the Company's Articles of Association, taking into account the Director's competencies, commitment, contribution and performance;
- establish a process for the selection, appointment and re-appointment of Directors;
- review and approve any new employment of employees related to the Directors, substantial shareholders of the Company or related persons, including the proposed terms of such employment;
- undertake board succession plans for Directors, in particular, the Chairman and the CEO;
- determine annually whether or not a Director is independent;
- in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the director when serving on multiple boards and discharging his duties towards other principal commitments;
- review training and professional development programs for the Board;
- make recommendation to the Board in determining the maximum number of listed company board representations which any Director may hold, and disclose this in the Company's annual report;
- decide whether or not a Director is able to and has been adequately carrying out his/her duties as a director;
- develop a process for evaluating the performance of the Board, its board committees and Directors by setting objective performance criteria for the Board and implementing such process for assessing the effectiveness of the Board as a whole and assessing the contribution of each individual directors to the effectiveness of the Board;
- ensure complete disclosure of key information of Directors in the Company's annual report as required under the Code, as amended from time to time.

Directors' independence review

The NC reviews the independence of each Director annually, and as and when circumstances require.

Annually, each Independent Director is required to complete a Director's Independence Checklist (the "Checklist") to confirm his/her independence. The Checklist is drawn up based on the guidelines provided in the Code. Thereafter, the NC reviews the Checklist completed by each Independent Director, assess the independence of the Independent Directors and recommends its assessment to the Board.

The NC has reviewed, determined and confirmed the independence of the Independent Directors. The Board, after taking into account the views of the NC, determined that Mr Yip Wah Pung, Mr Danny Lim and Mr Lawrence Ng are independent.

Directors' time commitments and multiple directorships

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The guidelines provide that, as a general rule, each Director should hold no more than five listed company board representations.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director of the Company. The NC takes into account the respective Directors' actual conduct on the Board, in making this determination.

Corporate Governance Report

None of the Directors, save for Danny Lim, has multiple listed company board representation. Danny Lim is an independent director of Tee Land Limited, a company listed on the Main Board of SGX-ST, and China Star Food Group Limited, a company listed on the Catalist Board of the SGX-ST. The NC has reviewed and considered Mr Danny Lim's directorship in these other listed companies, as well as all Directors' other principal commitments, and is satisfied that the Directors have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company. The NC is of the view that each Director's directorships is in line with the Company's guideline of a maximum of five listed company board representations and that each Director has discharged his/her duties adequately.

Process for selection, and appointment of new Directors

The NC has in place formal, written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board.

In identifying suitable candidates, the NC may:

1. Advertise or use the services of external advisers to facilitate a search.

2. Approach alternative sources such as the SID.

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

After short listing the candidates, the NC shall:

(a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have enough time available to devote himself or herself to the position; and

(b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

Process for re-appointment of Directors

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 104 of the Company's Articles of Association provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation and be eligible for re-election at the Company's AGM. Pursuant to the one-third rotation rule, Mr. Danny Lim will retire and submit himself for re-election at the forthcoming AGM.

In addition, pursuant to Article 108 of the Company's Articles of Association, additional Directors appointed during the year shall hold office until the next Annual General Meeting and shall then be eligible for re-election. Mr Yip Wah Pung, Mr Ang Beng Teck, Mr Lee Keck Keong, Mr Lee Jun Yih, Mr Wong See Keong, Mr Lee Jun Lin, Mr Lawrence Ng will retire and seek to be re-elected at the forthcoming AGM and if re-elected will hold office from the date of the AGM until the next AGM of the Company

The NC is satisfied that the Directors retiring at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

Mr Lee Keck Keong, Mr Lee Jun Yih, Mr Lee Jun Linn, Mr Wong See Keong and Mr Ang Beng Teck are the shareholders of the Company. Please refer to page 32 for further information.

Mr Lee Jun Yih and Mr Lee Jun Linn are brothers while Mr Lee Keck Keong is their father. Sim Ai Cheng, who is deemed interested in 49.17% of the Company's shares, is the spouse of Mr Lee Keck Keong and the mother of Mr Lee Jun Yih and Mr Lee Jun Linn.

Save as disclosed above, none of the Directors has any material relationships with the other Directors, the Company or its 10% shareholders.

There is no alternate Director on the Board.

Each member of the NC abstains from voting on any resolutions and making any recommendation and or participating in discussion on matters in which he is interested.

Key information on the Director's particulars and backgrounds can be found on pages 10 to 11 of the Annual Report.

Principle 5: Board Performance

A review of the Board's performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole. Each Board member will be required to complete an appraisal form to be returned to the NC Chairman for evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from the Directors to continually improve the Board's performance.

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board evaluation are in relation to:-

a. Board structure

b. Board process and accountability

c. Access to information

d. Performance monitoring

e. Risk management and internal control

f. Compensation

g. Communication with shareholders

The individual Director's performance criteria is in relation to the Director's:

a. Duties including attendance at board meetings, meeting preparation, participation in related activities

b. Interactive skill

c. Contribution of knowledge such as industry or professional expertise, specialist or functional contribution

The NC will implement annual assessment for the evaluation of the effectiveness of the board committees in the next financial year.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board and each individual Director. Where relevant, the NC will consider such an engagement.

The NC has assessed the performance of the Board since its listing in 8 December 2014 and each individual Director, and is of the view that the performance of the Board as a whole and each individual Director was satisfactory.

Corporate Governance Report

Principle 6: Access to Information

Complete, adequate and timely information

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow Directors sufficient time to prepare for the meetings, all Board and board committee papers are distributed to the Directors at least 5 days in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and board committee meetings. In order to keep the Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

To facilitate direct access to management, the Directors are also provided with the names and contact details of the management team.

Company Secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Memorandum and Articles of Association, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and SGX-ST Listing Manual Section B: Rules of Catalist ("Listing Manual"), are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value, as well as assisting the Chairman in ensuring good information flows within the Board and its board committees and between management and the Non-Executive and Independent Directors.

The Company Secretary attends and prepares minutes for all Board and board committee meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman of board committees and management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Independent professional advice

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC consists of two (2) Independent Non-Executive Directors and one (1) Non-Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr Lawrence Ng	–	Chairman
Mr Lee Keck Keong	–	Member
Mr Yip Wah Pung	–	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

– recommend to the Board a general framework of remuneration for the Board and key management personnel.

– review and recommend to the Board the specific packages for each Director as well as key management personnel.

– review annually the remuneration packages (including remuneration, bonuses, pay increases or promotions) of the employees of the Group who are immediate family members of or related to a Director or CEO or substantial shareholders of the Company so as to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

– review all aspects of remuneration of the Board and key management personnel including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

– in seeking expert advice in/or outside the Company on Director's remuneration, the RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

– In reviewing and making recommendations for remuneration for the Board and key management personnel, the RC shall consider:

  • level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company.

  • the use of long-term incentive schemes for Executive Directors and key management personnel.

  • that the remuneration of Non-executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be overcompensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders.

  • the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

  • the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company should aim to be fair and avoid rewarding poor performance.

The Company had on 11 November 2014 adopted a share option scheme known as the Unigloves Employee Share Option Scheme (the "Unigloves ESOS") and a share scheme known as the Uniglloves Performance Share Plan (the "Unigloves PSP"). The RC's duties also include the administration of the Unigloves ESOS and Unigloves PSP.

The aggregate number of Shares to be issued pursuant to the Unigloves ESOS, when aggregated to the aggregate number of shares issued and issuable or transferred and to be transferred in respect of all options or awards under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares), on the day immediately preceding the date on which an offer to grant an option is made.

The aggregate number of Shares to be issued pursuant to the awards granted under the Unigloves PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes, shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) from time to time.

The RC from time to time and where necessary will seek advice from the external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel.The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2015.

Corporate Governance Report

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Directors and key management personnel. The Executive Directors are paid a basic salary and is entitled to a discretionary bonus.

Key management personnel are paid basic salary and variable bonus. The variable bonus varies according to the Group's performance objectives. The allocation will also be based on the individual performance and their contributions towards the Group's performance.

The RC also ensures that the remuneration of the Non-Executive Directors are appropriate to their level of contribution taking into account factors such as efforts and time spent, and their responsibilities. Non-Executive Directors receive a basic fee for their services. The RC ensures that the Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the RC and the Board. Directors' fees are further subject to the approval of the shareholders at the AGM.

The Company has entered into separate service agreement ("Service Agreement") with the Executive Directors, Mr Ang Beng Teck, Mr Wong See Keong, Mr Lee Jun Yih and Lee Jun Linn respectively for an initial period of three (3) years from 8 December 2014. The Service Agreements are renewable thereafter unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

Pursuant to the terms of the Service Agreements, the Executive Directors are also entitled to a discretionary bonus to be recommended and determined by the RC. The compensation package, including changes to annual salary and/or the inclusion of suitable profit sharing terms, may be adjusted as the RC may, determine from time to time.

The Company has also entered into separate employment contracts with the Executive Officers which provides for remuneration payable to them, annual leave entitlement and termination arrangements.

The Company believes in aligning its level and structure of remuneration with the interests of shareholders to promote the long-term success of the Company. To initiate this, the Unigloves ESOS and Unigloves PSP have been adopted to link rewards to eligible employees including Executive Directors, Non-Executive Directors, key management personnel and other employees based on corporate and individual performance and align their interests with those of shareholders.

Typically the total remuneration mix available comprises annual fixed salary in cash, annual performance-related variable bonus in cash, and the Unigloves ESOS and Unigloves PSP where appropriate.

During FY2015 and as at 30 June 2015, no options or awards have been granted under the Unigloves ESOS and Unigloves PSP.

The Company did not engage the services of any remuneration experts to advise on remuneration matters for FY2015.

Corporate Governance Report

Guideline 9.2 of the Code recommends that companies fully disclose the name and remuneration of each Director and the CEO. For confidentiality reasons and in view of the competitive pressures in the labour market where the Group operates, the Board has reviewed and decided to deviate from complying with the above recommendation and has provided below a breakdown, showing the level and mix of remuneration of each Director and the CEO in bands of S$250,000 for FY2015:

Remuneration Band and Name of Director	**Salary**	**Bonus**	**Fees**	**Other Benefits**	**Total**
	%	**%**	**%**	**%**	**%**
Up to S$250,000					
Mr Ang Beng Teck[(1)]	42	11	36	11	100
Mr Wong See Keong	79	9	–	12	100
Mr Lee Jun Yih	100	–	–	–	100
Mr Lee Jun Linn	100	–	–	–	100
Mr Lee Keck Keong	–	–	100	–	100
Mr Yip Wah Pung	–	–	100	–	100
Mr Danny Lim	–	–	100	–	100
Mr Lawrence Ng	–	–	100	–	100

The table below provides a breakdown, showing the level and mix of remuneration of each of the top three (3) key management personnel (who are not Directors or the CEO) for FY2015:

Remuneration Band and Name of Key Executive	**Salary**	**Bonus**	**Fees**	**Other Benefits**	**Total**
	%	**%**	**%**	**%**	**%**
Up to S$250,000					
Wong Pek Wee	62	28	–	10	100
Terence Yap Seng Keong	90	–	–	10	100
$50,000 to below $100,000					
Ang Beng Chee[(2)]	82	12	–	6	100

Notes:

(1) Mr Ang Beng Teck is an Executive Director and CEO

(2) Mr Ang Beng Chee is the brother of Mr Ang Beng Teck, the CEO of the Company.

The Company has only three (3) key management personnel.

	S$
Aggregate of the total remuneration paid or payable to the top three key management personnel (who are not Directors or the CEO)	266,828

Save as Mr Ang Beng Chee who is the brother of the CEO as shown above, there is no employee who is an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 in FY2015.

Further information on Directors and key management personnel are on pages 10 to 12 of this Annual Report.

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

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

Management provides appropriately detailed management accounts of the Group's performance on a half-yearly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.

For the financial year under review, the CEO and CFO have provided assurance to the Board on the integrity of the financial statements of the Group.

Principle 11: Risk Management and Internal Controls

The Board, with the assistance from the AC, is responsible for the governance of risk by ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to the requirements of the Listing Manual and the Code.

The Company has engaged an independent accounting firm, IA Essential Sdn Bhd, Malaysia, as its internal auditors ("Internal Auditors"). The Internal Auditors have presented their internal audit plan to the AC and the Board during FY2015 to assist the AC and the Board in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. The Internal Auditor will commence work during the end of third quarter of 2015.

Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the AC and the Board for further discussion. The AC and the Board also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

With assistance from the Internal Auditors, key risk areas which have been identified are analysed, monitored and reported. In this connection, the Group has conducted risk assessment and has established the risk reporting dashboard with a view to develop a detailed risk register to ensure that the Group's risk management and internal control systems are adequate and effective.

<u>Assurance from the CEO and the CFO</u>

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

(a) The financial records of the Group have been properly maintained and the financial statements for the financial year ended 30 June 2015 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

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

Opinion on the adequacy and effectiveness of the risk management and internal control systems

The AC sought the views of the external auditors in making assessment of the internal controls over financial reporting matters. In addition, based on the internal controls established and maintained by the Group, the work performed by the internal auditors for the purposes of the initial public offerings of the Company**,** as well as the assurance received from the CEO and the CFO, the Board with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks were adequate and effective as at 30 June 2015.

The Board notes that the system of risk management and internal controls established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 12: Audit Committee

The AC consists of four members, three of whom are Independent Non-Executive Directors, including the AC Chairman:

Mr Yip Wah Pung	–	Chairman
Mr Danny Lim	–	Member
Mr Lawrence Ng	–	Member
Mr Lee Keck Keong	–	Member

The members of the AC carried out their duties in accordance with the terms of reference which include the following:

– review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the Company's financial performance.

– review and report to the Board annually and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls

– review the external auditor's audit plan and results of the external audit, including the evaluation of the system of internal accounting controls and its cost effectiveness, and the review of the extent of non-audit services provided by the external auditors;

– review the external auditors' reports;

– review the scope and results of the internal audit procedures and the internal auditor's evaluation of the adequacy of our internal control and accounting system;

– review the interim and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major financial risk areas, significant adjustments resulting from the audit, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

– ensure co-ordination between the internal and external auditors and the management, including considering the level of assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

– review the scope and results of the external audit, and the independence and objectivity of the

– external auditors;

- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

- make recommendations to the Board on the proposals to the Shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- review significant financial reporting issues and judgments with the Chief Financial Officer and the external auditors so as to ensure the integrity of the Company's financial statements and any formal announcements relating to the Group's financial performance before submission to the Board;

- review the adequacy and effectiveness the Group's internal controls systems with the Chief Financial Officer and the internal and external auditors including financial, operational, compliance and information technology controls and report to the Board at least annually;

- review interested person transactions and monitor the procedures established to regulate interested person transactions to ensure compliance with the Group's internal control system and the relevant provisions of the Catalist Rules as well as to ensure that proper measures to mitigate such conflicts of interests have been put in place;

- review the independence of the external auditors and recommend their appointment or re-appointment, remuneration and terms of engagement;

- review and approve all hedging policies and instruments implemented by the Group;

- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

- review arrangements by which an employee may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

- undertake generally such other functions and duties as may be required by statute or the Catalist Rules, as amended, modified or supplemented from time to time.

Apart from the above, the AC shall:

- commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and

- commission an annual internal controls audit until such time it is satisfied that the internal controls of the Group are sufficiently robust and effective in mitigating any key internal control weaknesses the Group may have. Prior to decommissioning such an internal controls audit, the Board shall report to the Sponsor and the SGX-ST (if necessary) on the basis to decide to decommission the annual internal controls audit, as well as the measures taken to rectify key weaknesses in and/or strengthen the internal controls of the Group. Thereafter, the Audit Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of the Group have remained robust and effective. Upon the completion of an internal controls audit, the Board shall make the appropriate disclosure via the SGXNET of any weaknesses in the Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by the Board.

The AC has explicit authority to investigate any matter within its term of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer to attend its meetings.

Summary of the AC's activities

The AC met three times during FY2015. Details of members and their attendance at meetings are provided in page 14. The CFO, Company Secretary and external auditors are invited to these meetings. Other members of management are also invited to attend, as appropriate, to present reports.

During the financial year, the AC had one meeting with the internal auditors to discuss the internal audit plan and also followed up the outstanding internal audit points raised by the Internal Auditor for the purposes of the IPO. The AC also met with the external auditors separately, without the presence of management to enable the external auditors to raise issues encountered in the course of their work directly to the AC.

During the financial year, the AC received updates from the external auditors during the AC meeting on changes and amendments to the Companies Act and accounting standards to enable the members of AC to keep abreast of such changes, and issues which have a direct impact on financial statements.

The AC met at physical meetings or through telephone conference to review the half-year and full year results announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors.

In the review of financial statement for FY2015, the AC discussed with management, the CFO and the external auditors the significant accounting policies, judgements and estimates applied by management in preparing the annual financial statements. The AC focused particularly on:

- Significant adjustments resulting from the audit;
- The appropriateness of the going concern assumption in the preparation of the financial statements; and
- Significant deficiencies in internal controls over financial reporting matters that came to the external auditors' attention during their audit together with their recommendations.

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

External audit processes

The AC manages the relationship with the Group's external auditors, on behalf of the Board. The AC is of the view that the external auditors. Mazars LLP demonstrated appropriate qualifications and expertise and is also independent of the Company. It is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Mazars LLP. Therefore, the AC recommended to the Board that Mazars LLP be re-appointed as the external auditors. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Mazars LLP at the forthcoming AGM.

The AC undertook a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended the re-appointment of the external auditors at the forthcoming AGM.

The aggregate amount of audit and non-audit fees paid or payable to the external auditors for FY2015 are S$142,000 for audit fees and S$267,800 (tax fees of S$17,800 and IPO related fees of S$250,000) for non-audit fees respectively.

The Company has complied with Rule 712 and Rule 715 of the Catalist Rules in the appointment of its auditor.

Internal audit

During FY2015, the AC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with management, internal auditors during the IPO and external auditors.

Corporate Governance Report

The AC considered and reviewed with the management and the Internal Auditors on the following:

- Internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and
- Significant internal audit observations during the IPO and the management's response thereto

The AC has reviewed the adequacy and effectiveness of the internal audit function.

Interested person transactions

The AC reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company or its non-controlling shareholders. On a half-yearly basis, management reports to the AC the interested person transactions.

There were no interested person transactions during the financial year under review.

The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of interested person transactions were effective.

Whistle blowing

The Company has adopted a Whistle-Blowing Policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in matters of financial reporting or other matters. The AC exercises the overseeing function over the administration of the Whistle-Blowing Policy. The Whistle-Blowing Policy provides for procedures to validate concerns and for investigations to be carried out independently. The Whistle-Blowing Policy has been circulated to all employees. The Company will review the current Whistle-Blowing Policy and extend the policy to external parties such as customers, suppliers, and other stakeholders. Meanwhile, the external parties can lodge their report, if any, via email at s_vijaya@unigloves.com.my.

Principle 13: Internal Audit

The AC approves the appointment, removal, evaluation and compensation of internal auditors. The internal audit function of the Group is outsourced to IA Essential Sdn Bhd, Malaysia. The internal auditors' primary line of reporting is the AC Chairman. Administratively, the internal auditors report to the CEO. The selection of the internal auditors, its fee proposal and the internal audit proposal were reviewed and approved by the AC. The internal auditors carry out their function in accordance to the standards set by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The primary purpose of the internal audit function is to assist the Board and management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The internal audit approach focuses on key financial, operational, compliance and information technology risks. The internal audit plan is established in consultation with, but independent of, management. The internal audit plan is reviewed and approved by the AC. All internal audit findings, recommendations and status of remediation, are circulated to the AC, the CEO, the external auditors and relevant management.

The AC will ensure that management provides good support to the internal auditors and provides them with access to documents, records, properties and personnel when requested in order for the internal auditors to carry out their function accordingly. The AC will meet with the internal auditors once a year, without the presence of management.

The AC, together with the Board have reviewed the effectiveness of the actions taken by management on the recommendations made by the internal auditors during the IPO. The Board and the AC have outsourced its internal audit function to IA Essential Sdn Bhd, Malaysia and are of the view that the internal audit is adequately resourced and has the appropriate standing within the Group

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact onthe Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held in Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters.

Principle 15: Communication with Shareholders

Disclosure of information on a timely basis

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press release and corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

The Group's corporate website is the key resource of information for shareholders. In addition to the half-yearly and full year financial results materials, it contains a wealth of investor related information onthe Group, including annual reports, shares and dividend information and factsheets.

Interaction with shareholders

The Company has outsourced its internal investor relations function to Waterbrooks Consultants Pte Ltd whose contact details can be found on the Company's corporate website at http://ughealthcarecorporation.listedcompany.com/

The function of the investor relations include facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and finance performance.

Dividend policy

In the Company's Offer Document dated 28November 2014 (the "Offer Document"), the Company stated that it does not have a fixed dividend policy. However, it is also disclosed in the Offer Document that the Board intends to recommend and distribute dividends of at least 20% of the Group's net profit after tax for each financial year commencing from the financial year ending 30 June 2016 ("FY2016"). The form, frequency and amount of future dividends that the Board may recommend or declare in respect of any particular year or period, will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

- The Group's financial position, results of operations and cash flow;
- The ability of the Group's subsidiaries to make dividend payment to the Company;
- The Group's expected working capital requirement to support the Group's future growth;
- The Group's ability to successfully implement the Group's future plan and business strategy;

- the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations governing the Group's operations;
- general economic conditions and other factors specific to the Group's industry or specific projects; and
- any other factors deemed relevant by the Board at the material time

Principle 16: Conduct of Shareholders Meetings

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website.

The Company's Articles of Association allows all shareholders to appoint proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors including Chairman of the Board and the respective Chairman of the AC, NC and RC, management, and the external auditors will be in attendance at general meetings to address any queries of the shareholders.

The Company will record the minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from management. Such minutes will be available to shareholders upon their request.

Dealing in Securities

The Group has adopted an internal compliance code to provide guidance to its Directors and all employees of the Group with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Directors and employees of the Group while in possession of unpublished price sensitive information. Directors and employees are not allowed to deal in the Company's securities on short-term considerations and during the one month before the announcement of the Company's half-year and full year financial results. The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Listing Manual and any other relevant regulations with regard to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Material Contracts

There are no material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling shareholder either still subsisting as at 30 June 2015 or if not then subsisting, entered into since the end of the previous financial year:

Non-Sponsor Fees

For FY2015, the Company paid $560,760, to its sponsor, SAC Capital Private Limited for acting as the issue manager, sponsor, underwritter and placement agent to the Company's IPO.

Corporate Governance Report

Interested Person Transactions

The Company confirms that there were no interested person transactions during the financial year under review.

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920 of the Listing Manual of the SGX-ST.

Non-Audit Fees

The nature of the non-audit services that were rendered by the Company's auditors, Mazars LLP, to the Group and their related fees for FY2015 were as follows:

Fees for tax compliance services to the Group - S$17,800

Use of IPO Proceeds

As at the date of this report, the proceeds raised from the IPO has been utilized as follows:-

Purpose	**Amount allocated**	**Amount utilised**	**Balance of net proceeds as at the date of this report**
	S$ million	S$ million	S$ million
Expansion of production capacity	3.20	1.50	1.70
Expansion of sales and distribution network	0.65	0.65	–
Developing new products and engaging in research and development	0.30	0.30	–
General working capital	0.07	0.07	
Listing expenses	1.97	1.97	–

Report of the Directors

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the statement of financial position and statement of changes in equity of the Company as at 30 June 2015.

1. Directors

The directors of the Company in office at the date of this report are as follows:

Ang Beng Teck	(Appointed on 30 September 2014)
Lee Keck Keong	(Appointed on 20 November 2014)
Lee Jun Yih	(Appointed on 10 November 2014)
Lee Jun Linn	(Appointed on 20 November 2014)
Wong See Keong	(Appointed on 20 November 2014)
Yip Wah Pung	(Appointed on 20 November 2014)
Lim Teck Chai, Danny	(Appointed on 21 August 2014)
Ng Lip Chi, Lawrence	(Appointed on 20 November 2014)

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the object was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except as disclosed in paragraphs 3 and 5 below.

3. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), the directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Direct interest		Deemed interest	
Name of directors and respective Companies in which interest is held	**At date of incorporation/ date of appointment**	**At end of period**	**At date of incorporation/ date of appointment**	**At end of period**
The Company (Ordinary shares)				
Lee Keck Keong	–	–	–	92,443,030
Ang Beng Teck	–	28,145,710	–	–
Lee Jun Yih	–	883,000	–	92,443,030
Lee Jun Linn	–	396,000	–	92,443,030
Wong See Keong	–	9,120,670	–	–

The directors' interests in the shares and options of the Company on 21 July 2015 were the same as at 30 June 2015.

4. Directors' contractual benefits

Since the date of incorporation, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at end of the financial year.

6. Performance Share Plan

There were no awards granted under the performance share plan by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of exercise of awards to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under the performance share plan in the Company or its subsidiaries as at the end of the financial year.

7. Audit committee

The Audit Committee of the Company comprises four non-executive directors and at the date of this report, they are:

Yip Wah Pung – Chairman	(Appointed on 20 November 2014)
Lee Keck Keong	(Appointed on 20 November 2014)
Lim Teck Chai, Danny	(Appointed on 21 August 2014)
Ng Lip Chi, Lawrence	(Appointed on 20 November 2014)

The Audit Committee has convened three meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviews:

i. the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;

ii. the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

iii. the Group's interim and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

7. Audit committee (Continued)

iv. the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

v. the adequacy of the Group's risk management processes;

vi. the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

vii. interested person transactions in accordance with SGX listing rules;

viii. Nomination of external auditors and approval of their compensation; and

ix. Submission of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

8. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Ang Beng Teck
Director

Lee Jun Yih
Director

Singapore
29 September 2015

Statement by Directors

In the opinion of the directors,

(a) the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2015, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

On behalf of the directors

Ang Beng Teck
Director

Lee Jun Yih
Director

Singapore
29 September 2015

Independent Auditors' Report

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of UG Healthcare Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 June 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 83.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion
.

Independent Auditors' Report

TO THE MEMBERS OF UG HEALTHCARE CORPORATION LIMITED

Opinion

In our opinion, the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2015 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirement

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, and have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

29 September 2015

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group	
		2015	2014
		$'000	$'000
Revenue	5	55,740	49,009
Cost of sales		(44,191)	(38,807)
Gross profit		11,549	10,202
Other items of income			
Other income	6	1,394	500
Other items of expense			
Marketing and distribution expenses		(1,332)	(343)
Administrative expenses		(6,859)	(4,275)
Other expenses		(144)	(160)
IPO expenses		(817)	(73)
Finance costs	7	(347)	(285)
Share of profits from associates		513	564
Profit before income tax	8	3,957	6,130
Income tax expense	9	(1,025)	(1,218)
PROFIT FOR THE YEAR		2,932	4,912
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(2,471)	(598)
Other comprehensive loss for the year, net of tax		(2,471)	(598)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		461	4,314
Profit/(Loss) attributable to:			
Owners of the Company		3,164	4,900
Non-controlling interests		(232)	12
		2,932	4,912
Total comprehensive income attributable to:			
Owners of the Company		707	4,292
Non-controlling interests		(246)	22
		461	4,314
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted	10	1.68	2.61

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

Statements of Financial Position

AS AT 30 JUNE 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000
ASSETS				
Non-current assets				
Subsidiaries	11	–	–	30,802
Associates	12	4,765	4,555	–
Property, plant and equipment	13	14,479	12,853	–
Intangible assets	14	326	–	–
Deferred tax assets	15	74	–	–
Total non-current assets		19,644	17,408	30,802
Current assets				
Inventories	16	10,233	9,019	–
Amount due from subsidiaries	17	–	–	921
Derivative financial instruments	18	–	95	–
Trade and other receivables	19	14,833	10,065	30
Cash and bank balances	20	7,101	3,781	3,549
Total current assets		32,167	22,960	4,500
Total assets		51,811	40,368	35,302
EQUITY AND LIABILITIES				
Equity				
Share capital	21	36,243	3,988	36,243
Reserves	22	(28,363)	38	–
Retained earnings		29,060	25,957	(1,076)
Equity attributable to owners of the Company		36,940	29,983	35,167
Non-controlling interests		163	101	–
Total equity		37,103	30,084	35,167
Non-current liabilities				
Deferred tax liabilities	15	953	388	–
Bank borrowings	23	4,078	4,300	–
Total non-current liabilities		5,031	4,688	–
Current liabilities				
Income tax payable		–	18	–
Derivative financial instruments	18	571	–	–
Bank borrowings	23	1,881	1,476	–
Trade and other payables	24	7,225	4,102	135
Total current liabilities		9,677	5,596	135
Total liabilities		14,708	10,284	135
Total equity and liabilities		51,811	40,368	35,302

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

GROUP	Share capital $'000	Currency translation Reserve (Note 22) $'000	Merger Reserves (Note 22) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to equity holders of the Company						
At 1 July 2013	1,281	646	–	21,120	23,047	99	23,146
Profit for the year	–	–	–	4,900	4,900	12	4,912
Other comprehensive income/(loss):							
Exchange differences on translating foreign operations	–	(608)	–	–	(608)	10	(598)
Total comprehensive income/(loss) for the year	–	(608)	–	4,900	4,292	22	4,314
Issuance of shares (Note 21)	2,824	–	–	–	2,824	–	2,824
Distributions (Note 21)	(117)	–	–	–	(117)	–	(117)
Dividends (Note 33)	–	–	–	(63)	(63)	(20)	(83)
At 30 June 2014	3,988	38	–	25,957	29,983	101	30,084
Adjustment pursuant to the Restructuring Exercise (Note 2)	(3,988)	–	–	–	(3,988)	–	(3,988)
Issuance of shares (Note 21)	37,694	–	(25,940)	–	11,754	243	11,997
Initial public offering ("IPO") expenses	(1,451)	–	–	–	(1,451)	–	(1,451)
Profit for the year	–	–	–	3,164	3,164	(232)	2,932
Other comprehensive income/(loss):							
Exchange differences on translating foreign operations	–	(2,457)	–	–	(2,457)	(14)	(2,471)
Dilution of equity in a subsidiary	–	(4)	–	(61)	(65)	65	–
Total comprehensive income/(loss) for the year	–	(2,461)	–	3,103	642	(181)	461
At 30 June 2015	36,243	(2,423)	(25,940)	29,060	36,940	163	37,103

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

COMPANY	**Share capital** **$'000**	**Retained earnings** **$'000**	**Total** **$'000**
At 21 August 2014 (Date of incorporation)	*	–	*
Issuance of shares (Note 21)	37,694	–	37,694
Total comprehensive loss for the financial period	–	(1,076)	(1,076)
IPO expenses	(1,451)	–	(1,451)
Balance at 30 June 2015	36,243	(1,076)	35,167

** Denotes amount less than $1,000*

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group	
		2015	2014
		$'000	$'000
Operating activities			
Profit before income tax		3,957	6,130
Adjustments for:			
Share of profits from associates		(513)	(564)
Bad debts write off		–	1
Depreciation of property, plant and equipment		917	832
Fair value loss/(gain) of derivative financial instruments		696	(394)
Property, plant and equipment written off		(1)	–
Negative goodwill	11	(100)	–
Interest expense		347	285
Interest income		(47)	(48)
Unrealised exchange differences		7	(364)
Operating cash flows before movements in working capital		5,263	5,878
Movements in working capital			
Inventories		(748)	(2,280)
Trade and other receivables		(4,092)	611
Amount due from a director		–	40
Trade and other payables		3,124	(602)
Cash generated from operations		3,547	3,647
Interest paid		(347)	(285)
Income taxes paid		(1,217)	(1,435)
Net cash from operating activities		1,983	1,927
Investing activities			
Additional investment in associates		–	(2,303)
Acquisition of property, plant and equipment	13	(3,606)	(1,144)
Fixed deposits pledged to bank		–	(24)
Interest received		47	48
Acquisition of a subsidiary, net of cash acquired	11	151	–
Acquisition of intangible assets		(142)	–
Net cash used in investing activities		(3,550)	(3,423)
Financing activities			
Dividend paid		–	(83)
Share issue expenses		(1,451)	–
Drawdown of borrowings		834	–
Repayment of borrowings		(818)	(894)
Proceeds from issuance of shares		6,192	2,824
Net cash from financing activities		4,757	1,847
Net increase in cash and cash equivalents		3,190	351
Cash and cash equivalents at beginning of financial year		2,678	2,394
Effect of currency translation on cash and cash equivalents		37	(67)
Cash and cash equivalents at end of financial year	20	5,905	2,678

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

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

1. General

UG Healthcare Corporation Limited (the "Company") (Registration Number 201424579Z) was incorporated on 21 August 2014 and is domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The principal place of business at Lot 3 & 4/4150 Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus, Malaysia and registered office at 21 Merchant Road #04-01 Royal Merukh S.E.A. Building Singapore 058267.

The principal activity of the Company is that of investment holding.

The principal activities of the respective subsidiaries are disclosed in Note 11 to the financial statements.

There are no comparative figures for the Company at 30 June 2014, as the Company was only incorporated on 21 August 2014.

The financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2015 were authorised for issue by the Board of Directors on 29 September 2015.

2. Restructuring exercise

The Company was incorporated on 21 August 2014 under the name of UG Healthcare Corporation Pte. Ltd.. On incorporation, the issued and paid-up share capital of the Company was $1 comprising 1 ordinary shares.

To consolidate the business activities of the Group, a restructuring exercise was undertaken as follows.

2.1 Acquisition of Unigloves (Singapore) Pte Ltd

The Company acquired 100% of the share capital of Unigloves (Singapore) Pte Ltd which was incorporated on 24 May 2014 for a consideration of $1 which was determined based on the net asset value of Unigloves (Singapore) Pte Ltd as at 30 June 2014. The consideration was satisfied by the issue of 1 ordinary shares in the capital of the Company to the then shareholder of Unigloves (Singapore) Pte Ltd as follows:

Name	Number of Shares
Lee Jun Yih	1

2.2 Acquisition of Unigloves GmbH

Pursuant to a sale and purchase agreement dated 7 October 2014, the Company acquired 20% of the share capital of Unigloves GmbH for a consideration of $3,926,167 which was determined based on the net asset value of Unigloves GmbH and its subsidiaries as at 30 June 2014. The consideration was satisfied by the issue of 3,926,167 ordinary shares in the capital of the Company to the then shareholders of Unigloves GmbH as follows:

Name	Number of Shares
Ang Beng Teck	1,963,083
Lee Keck Keong	1,963,084
	3,926,167

2. Restructuring exercise (Continued)

2.3 Acquisition of N.S. Uni-Gloves Sdn. Bhd.

Pursuant to a sale and purchase agreement dated 2 October 2014, the Company acquired 100% of the share capital of N.S. Uni-Gloves Sdn. Bhd. for a consideration of $24,321,785 which was determined based on the net asset value of N.S. Uni-Gloves Sdn. Bhd. and its subsidiaries as at 30 June 2014. The consideration was satisfied by the issue of 24,321,785 ordinary shares in the capital of the Company to the then shareholders of N.S. Uni-Gloves Sdn. Bhd. as follows:

Name	Number of Shares
Ang Beng Wei	243,218
Phang Ai Sim	486,436
Ang Beng Yong @ Ang Tian Soo	1,520,111
Ang Beng Chee	729,653
Cinzing Beauty Products (M) Sdn Bhd	8,877,452
Lee Keck Keong	1,702,525
Ang Beng Hoon	243,218
Ang Bing Wan	486,436
Tean @ Ang Beng Choo	1,337,698
Ang Beng Teck	3,266,075
Wong See Keong	1,824,134
Gantang Prestasi Sdn Bhd	3,604,829
	24,321,785

2.4 Acquisition of Unigloves (UK) Limited

Pursuant to a sale and purchase agreement dated 9 October 2014, the Company acquired 55% of the share capital of Unigloves (UK) Limited for a consideration of $221,493 which was determined based on the net asset value of Unigloves (UK) Limited as at 30 June 2014. The consideration was satisfied by the issue of 221,493 ordinary shares in the capital of the Company to the then shareholders of Unigloves (UK) Limited as follows:

Name	Number of Shares
Ang Beng Teck	110,747
Lee Keck Keong	110,746
	221,493

2.5 Acquisition of Shanghai Full-10 International Trading Co. Ltd.

Pursuant to a share transfer agreement dated 1 September 2014, the Company acquired 100% of the share capital of Shanghai Full-10 International Trading Co. Ltd. for a consideration of $929,299 which was determined based on the net asset value of Shanghai Full-10 International Trading Co. Ltd. as at 30 June 2014. The consideration was satisfied by the issue of 929,299 ordinary shares in the capital of the Company to the then shareholders of Shanghai Full-10 International Trading Co. Ltd. as follows:

Name	Number of Shares
Lee Keck Keong	560,783
Lee Jun Yih	368,516
	929,299

2. Restructuring exercise (Continued)

2.6 Acquisition of UG Healthcare (USA) Inc

Pursuant to a sale and purchase agreement dated 9 October 2014, the Company acquired 50% of the share capital of UG Healthcare (USA) Inc for a consideration of $578,472 which was determined based on the net asset value of UG Healthcare (USA) Inc as at 30 June 2014. The consideration was satisfied by the issue of 578,472 ordinary shares in the capital of the Company to the then shareholders of UG Healthcare (USA) Inc as follows:

Name	Number of Shares
Ang Beng Teck	289,236
Lee Keck Keong	289,236
	578,472

2.7 Acquisition of Uni-Medical Healthcare Limited

Pursuant to a sale and purchase agreement dated 9 October 2014, the Company acquired 75% of the share capital of Uni-medical Healthcare Limited which was only incorporated on 1 August 2014 for a consideration of $525,000 which was determined based on the net asset value of Uni-medical Healthcare Limited as at 13 September 2014. The consideration was satisfied by the issue of 525,000 ordinary shares in the capital of the Company to the then shareholders of Uni-medical Healthcare Limited as follows:

Name	Number of Shares
Lee Jun Yih	525,000

The above restructuring exercise is considered to be acquisitions of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the restructuring have been accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of these entities have been included in the consolidated financial statements at their historical carrying amounts. Although the agreement was entered into subsequent to the year end, the consolidated financial statements present the financial condition, results of operations and cash flows as if the restructuring has occurred as of the beginning of the earliest period presented. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the restructuring exercise.

All intra-group transactions and balances have been eliminated on combination.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and statement of financial position of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

3. Summary of significant accounting policies (Continued)

3.1 Basis of preparation (Continued)

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS below that are relevant to its operations and effective for the annual periods beginning or after 1 July 2014. The adoption of these new/revised FRS and INT FRS did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS and INT FRS issued and effective

		Effective date (annual periods beginning on or after)
FRS 27	Separate financial statements	1 January 2014
FRS 28	Investments in associates and joint ventures	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 110	Consolidated financial statements	1 January 2014
FRS 110, FRS 111, FRS 112, FRS 27 & FRS 28	Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory effective date	1 January 2014
FRS 110, FRS 111 & FRS 112	Amendments to FRS 110, FRS 111 and FRS 112: Transition guidance	1 January 2014
FRS 110, FRS 112 and FRS 27	Amendments to FRS 110, FRS 112 and FRS 27: Investment entities	1 January 2014
FRS 112	Disclosure of interests in other entities	1 January 2014

3. Summary of significant accounting policies (Continued)

3.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
FRS 19	Amendments to FRS 19: Defined Employee Plans: Employee Contributions	1 July 2014
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	Financial Instruments	1 January 2018
Various	Improvements to FRSs (January 2014)	Various
Various	Improvements to FRSs (February 2014)	Various
Various	Improvements to FRSs (November 2014)	Various

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

The Group has not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in 2014. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3. Summary of significant accounting policies (Continued)

3.2 Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

3. Summary of significant accounting policies (Continued)

3.2 Basis of consolidation (Continued)

Common Control Business Combination Outside the Scope of FRS 103 *Business Combinations* "FRS 103"

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of FRS 103. For such common control business combinations, the pooling-of-interest method is used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying pooling-of-interest method, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with FRS for the purpose of consolidation. The subsidiaries maintain their accounting records and prepare the relevant statutory financial statements in accordance with the accounting standards and legislations of the Generally Accepted Accounting Principle (GAAP) in the respective countries.

In line with the objective of the restructuring exercise and to reflect the financial position and performance of UG Healthcare Corporation Pte. Ltd., all the Group's associates are assumed to have been held from the date the entity had been under common control despite the Group acquiring the shareholding of the associates from the directors of the Company only on after the end of the financial year ended 30 June 2014.

3.3 Subsidiary

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any accumulated impairment losses, if any.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3. Summary of significant accounting policies (Continued)

3.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

Interest income

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

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3.7 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

3.8 Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

3. Summary of significant accounting policies (Continued)

3.8 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

3.9 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3. Summary of significant accounting policies (Continued)

3.9 Foreign currency transactions and translation (Continued)

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

3.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

• Leasehold land	over the lease period of 50 to 73 years
• Leasehold buildings	2%
• Plant, machinery and equipment	5% to 20%
• Motor vehicles	20%
• Funiture and fittings	10% to 12%

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

3. Summary of significant accounting policies (Continued)

3.11 Intangible assets

Customer base

The customer base was acquired and recognised based on the fair value of consideration paid. This customer base is measured at cost less any impairment loss as it has indefinite useful lives.

Business licence

The business licence was acquired in a business combination and recognised based on the fair value of consideration paid. This business licence is measured at cost less any impairment loss as it has indefinite useful lives.

3.12 Associate

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. Losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

3.13 Impairment of assets

The Group reviews the carrying amounts of its assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3. Summary of significant accounting policies (Continued)

3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs.
The Group's financial assets consists only loans and receivables.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, and bank balances and fixed deposits.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

3. Summary of significant accounting policies (Continued)

3.14 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, comprising foreign exchange forward contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

3. Summary of significant accounting policies (Continued)

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is measured based on standard cost which approximates actual cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.16 Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits, and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.18 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

3. Summary of significant accounting policies (Continued)

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

4. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

4.1 Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entity in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

4.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 18.

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's trade and other receivables as at 30 June 2015 were $14,833,000 (2014: $10,065,000) respectively (Note 19).

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Changes in the expected level of usage and technological developments could affect the economics and useful lives of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 30 June 2015 were $14,479,000 (2014: $12,853,000) respectively (Note 13).

Impairment of intangible assets

The Group tests intangible assets for impairment at least on an annual basis. Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units (CGU). The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of the Group's intangible assets as at 30 June 2015 was $326,000 (2014: $NIL) (Note 14).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price, being the merchandise's selling price quoted from the market of similar items that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 30 June 2015 was $10,233,000 (2014: $9,019,000) respectively (Note 16).

Provision for income taxes and deferred tax

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's current tax payable and net deferred tax liability as at 30 June 2015 was Nil (2014: $18,000) and $879,000 (2014: $388,000) respectively.

5. Revenue

	Group	
	2015	2014
	$'000	$'000
Latex examination gloves	32,202	28,921
Nitrile examination gloves	20,015	17,292
Other ancillary products	3,523	2,796
	55,740	49,009

6. Other income

	Group	
	2015	2014
	$'000	$'000
Foreign exchange gain, net	1,212	–
Fair value gain of derivative financial instrument (Note 18)	–	394
Interest income	47	48
Negative goodwill	100	–
Others	35	58
	1,394	500

7. Finance costs

	Group	
	2015	2014
	$'000	$'000
Interest expenses on:		
- Finances leases	4	5
- Bank loans and overdrafts	343	280
	347	285

8. Profit before income tax

The following charges/(credit) were included in the determination of profit before income tax:

	Group	
	2015	2014
	$'000	$'000
Cost of inventories recognised as expense in cost of sales	37,215	28,722
Audit fees paid to auditors:		
- Company	126	–
- Subsidiaries	59	19
Non-audit fees paid to auditors:		
- Company	218	–
- Subsidiaries	32	–
Directors' fees of the Company	64	70
Directors' remuneration other than fees of the Company:		
- Salary	174	37
- Bonus and profit sharing	19	69
- Defined contribution plans	14	6
Staff costs (excluding directors' remuneration)		
- Salary	6,590	4,833
- Defined contribution plans	187	160
- Other benefits	112	71
Bad debts written off	–	1
Foreign exchange loss, net	444	168
Fair value loss of derivative financial instrument (Note 18)	696	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

9. Income tax expense

	Group	
	2015	2014
	$'000	$'000
Current income tax		
- Current	449	1,033
- Under/(Over) provision in prior years	23	(20)
Deferred income tax		
- Current	566	201
- (Over)/Under provision in prior years	(13)	4
Total income tax expense	1,025	1,218

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable statutory rate is as follows:

	Group	
	2015	2014
	$'000	$'000
Profit before income tax	3,957	6,130
Income tax at statutory rate of 17% (2014: 17%)	673	1,042
Add/(Less):		
Tax effect of share of results of associates	(87)	(127)
Change in tax rate in overseas operations	–	(10)
Effect of preferential tax rate in overseas operations	(38)	–
Effect of different tax rates of overseas operations	125	447
Effect of income not subject to tax	(118)	(180)
Under/(Over) provision in prior years	10	(16)
Effect of non-allowable items	432	36
Others	28	26
Total income tax expense	1,025	1,218

10. Earnings per share

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Group	
	2015	2014
	$'000	$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the Company)	3,164	4,900
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	188,023,530	188,023,530
Earnings per share (cents)		
Basic and diluted	1.68	2.61

The calculation of the basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the applicable weighted average number of ordinary shares. These profit and share data are presented in the tables above.

11. Subsidiaries

	Company
	2015
	$'000
Investments in subsidiaries, at cost	30,802

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

11. Subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation/ operation)	Principal activities	Effective equity interest held by the Company 2015 %	2014 %
Held directly by the Company			
N.S. Uni-Gloves Sdn Bhd[1] / Malaysia	Manufacturing of rubber gloves	100	100
Unigloves (Singapore) Pte Ltd[3] / Singapore	Investment holding and business and management consultancy services	100	100
UGHC Marketing Pte Ltd[3] [5] / Singapore	Distribution of gloves and other medical disposables	100	–
Held through N.S. Uni-Gloves Sdn Bhd			
UG Global Resources Sdn Bhd[1] / Malaysia	Manufacturing of rubber gloves	100	100
UG Glovetech Sdn Bhd[2] / Malaysia	Investment holding	100	100
Held through Unigloves (Singapore) Pte Ltd			
Unigloves (UK) Limited[3] / United Kingdom	Distribution of gloves and other medical disposables	55 [4]	75
Shanghai Full-10 International Trading Co. Ltd. [3] / China	Distribution of gloves and other medical disposables	100	100
Uni-Medical Healthcare Limited [3] / Nigeria	Distribution of gloves and other medical disposables	75	–

(1) Audited by another firm of auditors, Crowe Horwath, Malaysia and reviewed by Mazars LLP, Singapore for group consolidation purposes.

(2) Audited by another firm of auditors, Lee Soo Pin & Co. and reviewed by Mazars LLP, Singapore for group consolidation purposes.

(3) The unaudited management accounts have been reviewed by Mazars LLP, Singapore for the purpose of consolidated financial statements, as they are not material to the Group's consolidated financial statements.

(4) On 8 September 2014, the initial shareholders Lee Keck Keong and Ang Beng Teck, who collectively owned 75% of Unigloves (UK) Limited before the restructuring, disposed of an aggregate of 20% of the shares of Unigloves (UK) Limited. As a result of the disposal, the Group's shareholding in Unigloves (UK) Limited was deemed to have decreased from 75% as at 30 June 2014 to 55% in financial year ended 30 June 2015.

(5) UGHC Marketing Pte Ltd was incorporated by the Group on 13 January 2015.

11. Subsidiaries (Continued)

Acquisition of subsidiary

Pursuant to the restructuring exercise as mentioned in Note 2 to the financial statements of the Group, the Company acquired 75% of the share capital of Uni-Medical Healthcare Limited for a purchase consideration of $579,750 which was only incorporated on 1 August 2014 for the purpose of the Group's glove distribution business in Nigeria.

Fair values of the identifiable assets and liabilities of Uni-Medical Healthcare Limited as at the date of acquisition:

	Fair value recognised on date of acquisition 2015 $'000
Plant and equipment	51
Intangible assets	184
Inventories	465
Cash and bank balances	206
Net identifiable assets at fair value	906

Effects of the acquisition of the subsidiary on cash flows:

	Group 2015 $'000
Total net assets acquired	906
Less: Non-controlling interest	(226)
	680
Less: Negative goodwill	(100)
Total consideration	580
Consideration satisfied by shares issued	(525)
Consideration satisfied by cash	55
Less: Cash and cash equivalents acquired	(206)
Acquisition of a subsidiary, net of cash acquired	(151)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

12. Associates

	Group 2015	Group 2014
	$'000	$'000
Unquoted equity shares, at cost	2,466	2,466
Exchange differences	(239)	64
Share of post-acquisition results	3,050	2,537
Dividend received	(512)	(512)
Carrying amount	4,765	4,555

The details of the associates are as follows:

Name of associates (Country of incorporation/ operation)	Principal activities	Effective equity interest held by the Company 2015	Effective equity interest held by the Company 2014
		%	%
Held through Unigloves (Singapore) Pte Ltd			
Unigloves GmbH[(1)] / Germany	Investment holding	20	20
UG Healthcare (USA) Inc.[(2)] / United States	Distribution of gloves and other medical disposables	50	50
Held through Unigloves GmbH			
Unigloves Artz- Und Klinikbedarf-Handelsgessellschaft mbH[(3)] / Germany	Import and export of medical treatment utilities and one way articles	20	20
Held through Unigloves Artz- Und			
Unigloves Service & Logistik[(1)] / Germany	Purchase and sale of consumable goods for medical and industrial purposes	20	20
Held through Shanghai Full-10 International Trading Co. Ltd.			
Beijing You Li Fu Ming Commercial Trading Co., Ltd[(2)] / Beijing	Distribution of gloves and other medical disposables	50	50

(1) The unaudited management accounts have been reviewed by Mazars LLP, Singapore for equity accounting purposes, as they are not material to the Group's consolidated financial statements.

(2) The unaudited management accounts have been reviewed by Mazars LLP, Singapore for equity accounting purposes, as they are not material to the Group's consolidated financial statements. The board of directors of the entities are controlled by the other 50% shareholders. The Company does not participate in active management nor strategic decisions of the entities.

(3) Audited by Mazars GmbH, Germany and reviewed by Mazars LLP, Singapore for equity accounting purposes.

12. Associates (Continued)

Summarised financial information in respect of the Group's associates

	Unigloves GmbH and its subsidiaries		UG Healthcare (USA) Inc.		Group	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities:						
Non-current assets	23,646	25,115	24	1		
Current assets	12,373	10,350	1,414	1,559		
Total assets	36,019	35,465	1,438	1,560		
Non-current liabilities	9,417	12,461	39	15		
Current liabilities	5,762	3,374	313	387		
Total liabilities	15,179	15,835	352	402		
Net assets	20,840	19,630	1,086	1,158		
Group's share of associate's net assets	4,168	3,926	543	579	4,711	4,505
Other adjustments					54	50
Carrying amount of the investment as at 30 June					4,765	4,555
Results						
Revenue	33,485	34,688	4,175	4,185		
Profit for the year from continuing operations	2,902	2,050	(135)	308		
Group's share of associates' profit for the year	580	410	(67)	154	513	564

13. Property, plant and equipment

Group	Leasehold land	Leasehold buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fittings	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1 July 2013	2,218	3,700	12,007	469	577	345	19,316
Additions	–	77	1,494	149	259	231	2,210
Exchange differences	(72)	(119)	(383)	(14)	(6)	(12)	(606)
Transfer	–	–	333	–	–	(333)	–
At 30 June 2014	2,146	3,658	13,451	604	830	231	20,920
Additions	–	132	687	321	210	2,283	3,633
Written off	–	–	–	–	(15)	–	(15)
Acquisition of a subsidiary	–	–	–	27	24	–	51
Transfer	–	–	1,237	–	–	(1,237)	–
Exchange differences	(168)	(293)	(1,156)	(52)	(65)	(74)	(1,808)
At 30 June 2015	1,978	3,497	14,219	900	984	1,203	22,781
Accumulated depreciation:							
At 1 July 2013	(235)	(431)	(6,142)	(208)	(451)	–	(7,467)
Depreciation	(38)	(57)	(503)	(61)	(173)	–	(832)
Exchange translation differences	8	14	197	6	7	–	232
At 30 June 2014	(265)	(474)	(6,448)	(263)	(617)	–	(8,067)
Depreciation	(37)	(89)	(634)	(103)	(54)	–	(917)
Written off	–	–	–	–	14	–	14
Exchange translation differences	23	42	538	23	42	–	668
At 30 June 2015	(279)	(521)	(6,544)	(343)	(615)	–	(8,302)
Carrying amount:							
At 30 June 2014	1,881	3,184	7,003	341	213	231	12,853
At 30 June 2015	1,699	2,976	7,675	557	369	1,203	14,479

13. Property, plant and equipment (Continued)

During the year, the Group acquired property, plant and equipment for an aggregated amount of $3,633,000 (2014: $2,210,000) of which $27,000 (2014: $1,066,000) was acquired by means of finance lease (Note 23). Cash used in the acquisition of property, plant and machinery amounted to $3,606,000 (2014: $1,144,000). In addition, the leasehold land and buildings of the Group with net book value of $4,674,000 (2014: $5,065,000) are pledged to secure the bank borrowings (Note 23).

Certain motor vehicles with net book value of $93,000 (2014: $212,000) were acquired under finance lease arrangements (Note 23) and are registered under the name of a director and third parties who hold the assets in trust on behalf of the Group.

14. Intangible assets

	Group	
	2015	2014
	$'000	$'000
Business license [1]	184	–
Customer base [2]	142	–
	326	–

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

(2) This pertains to the acquisition of customer base by a subsidiary in United Kingdom.

Movement of the intangible assets:

	Group	
	2015	2014
	$'000	$'000
Balance at 1 July	–	–
Acquisition of subsidiary (Note 11)	184	–
Addition	142	–
Balance at 30 June	326	–

15. Deferred tax assets/(liabilities)

	Group	
	2015	2014
	$'000	$'000
Deferred tax assets	74	–
Deferred tax liabilities	(953)	(388)

15. Deferred tax assets/(liabilities) (Continued)

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the year.

	Group		
	Accelerated tax depreciation	Unabsorbed capital allowances and tax losses	Total
Group	**$'000**	**$'000**	**$'000**
Deferred tax assets			
At 1 July 2013 and 30 June 2014	–	–	–
(Charged)/Credited to profit or loss	(3)	77	74
At 30 June 2015	(3)	77	74
Deferred tax liabilities			
At 1 July 2013	(527)	339	(188)
Exchange translation differences	5	–	(5)
(Charged)/Credited to profit or loss	(175)	(30)	(205)
At 30 June 2014	(697)	309	(388)
Exchange translation differences	129	(67)	62
(Charged)/Credited to profit or loss	(973)	346	(627)
At 30 June 2015	(1,541)	588	(953)

16. Inventories

	Group	
	2015	**2014**
	$'000	**$'000**
Finished goods	5,732	3,742
Work-in-progress	2,938	3,857
Raw materials	1,563	1,420
	10,233	9,019

17. Amount due from subsidiaries

The amount due from subsidiaries is non-trade in nature, interest free, repayable on demand and denominated in Singapore Dollars.

18. Derivative financial instruments

	Group	
	2015	2014
	$'000	$'000
Forward foreign exchange contracts		
Beginning balance	(95)	310
Changes in fair value	696	(394)
Exchange translation differences	(30)	(11)
Closing balance	571	(95)

Forward foreign exchange contract

The Group utilises currency derivatives to hedge its sales denominated in USD for which firm commitments existed at the end of the reporting period. The settlement dates on forward currency contracts range between 3 to 270 days (2014: 3 to 270 days).

At the end of the financial year, the total notional amount of outstanding forward foreign exchange contract to which the Group is committed is as follows:

	2015	2014
	USD	USD
Forward foreign exchange contract	9,094,045	2,748,006

The fair values are measured using quoted forward exchange rates by financial institutions.

Changes in the fair value of currency derivative amounting to $696,065 (2014: $394,062) has been charged (2014: credited) to profit or loss in the financial year.

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

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM	RM	USD'000	USD'000	$'000	$'000	$'000	$'000
Sell USD more than a year	3.62	3.27	9,094	3,163	10,329	4,038	571	(95)

19 Trade and other receivables

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
Trade receivables			
- third parties	9,868	6,795	–
- associates	3,161	2,507	–
- related party	33	–	–
Other receivables			
- third parties	1,771	763	30
Total trade and other receivables	14,833	10,065	30
Add:			
Cash and bank balances (Note 20)	7,101	3,781	3,549
Total loans and receivables	21,934	13,846	3,579

Trade and other receivables are unsecured, non-interest bearing and subject to normal credit terms.

The average credit period on sale of goods is 30 to 90 days (2014: 30 to 90 days).

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

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
United States dollar ("USD")	9,041	6,883	–
Malaysian ringgit ("RM")	2,198	987	–
British pound ("GBP")	2,799	1,958	–
Others	795	237	30
	14,833	10,065	30

20. Cash and bank balances

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
Cash and bank balances	5,389	1,984	3,549
Fixed deposits	1,712	1,797	–
	7,101	3,781	3,549

Fixed deposits bear interest at an average rate of 3.2% (2014: 2.8%) per annum and are for a tenure of period ranging from 30 to 365 days (2014: 30 to 365 days).

Fixed deposits of the Group amounting to $812,000 (2014: $848,000) were pledged to bank to secure credit facilities granted to certain subsidiaries (Note 23).

20. Cash and bank balances (Continued)

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

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
USD	1,682	184	–
SGD	3,849	–	3,549
RM	1,017	3,188	–
Euro	78	33	–
Others	475	376	–
	7,101	3,781	3,549

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2015	2014
	$'000	$'000
Cash and bank balances	7,101	3,781
Less: Fixed deposits pledged to bank	(812)	(848)
Less: Unsecured bank overdrafts (Note 23)	(384)	(255)
Cash and cash equivalents	5,905	2,678

21. Share capital

	Group		Company	
	No. of shares		No. of shares	
	('000)	$'000	('000)	$'000
At 1 July 2013	–	1,281	*	*
Issuance of shares	–	2,824	–	–
Distribution	–	(117)	–	–
At 30 June 2014 / At date of incorporation	–	3,988	*	*
Adjustment pursuant to the Restructuring Exercise(Note 2)	–	(3,988)	–	–
Issuance of shares pursuant to:	188,023	37,694	188,023	37,694
Restructuring Exercise (Note 2)	152,511	30,502	152,511	30,502
Conversion of the convertible loan	6,712	1,000	6,712	1,000
Public issue for cash	28,800	6,192	28,800	6,192
Share issue expenses	–	(1,451)	–	(1,451)
At 30 June 2015	188,023	36,243	188,023	36,243

** denotes amount less than $1,000*

21. Share capital (Continued)

In 2014, for the purpose of the preparation of the statement of financial position of the Group, the issued share capital as of 30 June 2014 represent the aggregated number of issued share capital of all the subsidiaries within the Group under the pooling-of-interest method of consolidation.

Issuance of shares in financial year ended 30 June 2014 pertains to the increase in combined share capital to finance the Group's working capital and additional investment in associates.

Distributions represent the dividends from an associate that have been distributed to the shareholders.

Convertible loan pertains to the pre-IPO investors exercising their rights to convert the their convertible loans into equity shares during the financial year.

Pursuant to the restructuring exercise in Note 2, the Company issued 30,502,217 restructuring shares at an issue price of $1 per share. Subsequent to the restructuring exercise, the shareholders approved a share split of the issued and paid-up ordinary shares of the Company wherein each share was split into 5 ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The newly issued shares rank pari passu in all respects with the previously issued shares.

22. Reserve

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

Merger reserve

This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under "pooling-of-interest".

23. Bank borrowings

	Group	
	2015	**2014**
	$'000	**$'000**
Secured bank loans[1]	4,909	5,079
Secured finance lease payables[2]	37	144
Secured export credit refinancing[3]	629	298
Secured bank overdrafts[4]	384	255
Total	5,959	5,776
Less :		
Amount due for settlement within 12 months[5]	(1,881)	(1,476)
Amount due for settlement after 12 months	4,078	4,300

[1] The weighted average effective interest rates of the Group's secured bank loans are ranging from 4.75% to 6.30% (2014: 5% to 6.14%) and are secured as follows:

(i) legal charges on the leasehold land and buildings; and

(ii) guarantees from the Company, certain subsidiaries, related parties and directors of the Company.

23. Bank borrowings (Continued)

(2) The finance lease terms range from 1 to 5 years. All leases are on a fixed repayment basis and are secured by motor vehicles of a subsidiary (Note 13). The minimum lease payment of the finance lease is as follows:

	Group	
	2015	2014
	$'000	$'000
Minimum hire purchase payments:		
- less than a one year	15	45
- within one to five years	25	112
	40	157
Less: Future finance charges	(3)	(13)
Present value of hire purchase payables	37	144

(3) The export credit refinancing is repayable from 1 to 120 days (2014: 1 to 120 days). The interest rate for export credit refinancing is 1% plus base base lending rate and is secured by a fixed deposits amounting to $812,000 (2014: $848,000).

(4) The bank overdrafts are repayable on demand. The weighted average effective interest rate of 8.1% (2014: 8.1%) are determined based on 1.5% plus base lending rate. The bank overdrafts are secured by a fixed deposits amounting to $812,000 (2014: $848,000).

(5) The amount, shown under current liabilities, consists of secured banks loans of $856,000 (2014: $887,000), secured finance lease payables of $13,000 (2014: $36,000), secured export credit refinancing of $628,000 (2014: $298,000) and secured bank overdrafts of $384,000 (2014: $255,000).

The weighted average effective interest rate for bank borrowings is 5.66% (2014: 5.88%).

The carrying amounts of the Group's borrowings approximate their fair values.

The bank borrowings of the Group as at 30 June 2015 and 2014 are all denominated in Malaysian ringgit.

24. Trade and other payables

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
Trade payables			
- third parties	4,041	2,492	–
Other payables			
- third parties	2,219	1,377	54
Accrued expenses	965	233	81
Total trade and other payables	7,225	4,102	135
Add:			
Bank borrowings (Note 23)	5,959	5,776	–
Total financial liabilities carried at amortised cost	13,184	9,878	135

Trade payables are unsecured, interest-free and with the credit term ranging from 21 to 90 days (2014: 30 to 90 days).

Other payables to third parties represent payables to utility supplies. Other payables are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

24. Trade and other payables (Continued)

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

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
USD	2,142	259	–
RM	4,412	3,619	–
Others	671	224	135
	7,225	4,102	135

25. Capital commitments

	Group	
	2015	2014
	$'000	$'000
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and equipment	1,142	1,386

26. Contingent liabilities, unsecured

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
Bank guarantee given to third parties for utility supplies to a subsidiary	2,142	958	–
Corporate guarantee given to banks for bank facilities granted to subsidiaries	–	–	15,050
	2,142	958	15,050

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

27. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

	2015	2014
	$'000	$'000
Sales to a related party	37	–
Sales to associates	14,409	15,917

Key management personnel remuneration

	2015	2014
	$'000	$'000
Short-term benefits	511	176
Defined contribution plans	42	6
	553	182

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

28. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Malaysia, Germany, United Kingdom, China and United States which are engaged in the manufacturing, distribution and trading of latex and nitrile examination gloves.

The Group has three reportable segments being latex examination gloves, nitrile examination gloves and other ancillary products.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on gross profit. The other operating expenses which include interest income, finance costs, depreciation, share of profit of associate and income tax were not monitored by segment.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on combination.

28. Segment information (Continued)

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

	2015	2014
	$'000	$'000
Revenues		
Total revenue for reportable segments	62,476	55,147
Elimination of inter-segment revenue	(6,736)	(6,138)
	55,740	49,009
Profit or loss		
Total profit or loss for reportable segments	3,444	5,566
Share of profit of associates	513	564
Profit before income tax	3,957	6,130
Assets		
Total assets for reportable segments	47,046	35,813
Investments in associates	4,765	4,555
Total assets	51,811	40,368
Liabilities		
Total liabilities for reportable segments	14,708	10,284
Total liabilities	14,708	10,284

Business Segments

Revenue	2015		2014	
	$'000	(%)	$'000	(%)
Latex examination gloves	32,202	58	28,921	59
Nitrile examination gloves	20,015	36	17,292	35
Other ancillary products	3,523	6	2,796	6
Total	55,740	100	49,009	100

Gross profit	2015		2014	
	$'000	(%)	$'000	(%)
Latex examination gloves	6,150	53	5,959	59
Nitrile examination gloves	4,671	40	3,667	35
Other ancillary products	728	7	576	6
Total	11,549	100	10,202	100

28. Segment information (Continued)

Business Segments (Continued)

Gross profit margin	**2015**	**2014**
	(%)	**(%)**
Latex examination gloves	19	21
Nitrile examination gloves	23	21
Other ancillary products	21	21
Total	21	21

Geographic information

Revenues from external customers

	2015	**2014**
	$'000	**$'000**
Germany	12,295	13,488
United Kingdom	12,683	10,266
United States of America & Canada	14,570	9,392
China, Hong Kong & Taiwan	3,779	2,286
Malaysia	2,214	7,793
Others	10,199	5,460
	55,740	49,009

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

Location of non-current assets

	Malaysia	**Singapore**	**Germany**	**United Kingdom**	**China**	**United States of America**	**Nigeria**	**Total**
	$'000	**S$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**S$'000**	**$'000**
2015								
Non-current assets	14,075	3	4,168	203	135	543	517	19,644
2014								
Non-current assets	12,728	–	3,926	44	131	579	–	17,408

Non-current assets consist of property, plant and equipment and investments in associates in Germany and United States of America.

Major customers

Revenue from one major customer amounted to approximately $11,425,578 (2014:$ 13,477,603) which is derived from mixture of segments.

29. Financial instruments and financial risks

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by a central treasury department ("Group Treasury") in accordance with the policies set by the management. The trading team of Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risks

Credit risks refer to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

At the end of the reporting period, 24% (2014: 25%) of trade receivables relates to 2 associates which were not past due nor impaired. The Group has not recognised an allowance for doubtful receivables as the director is of the view that there has not been any significant change in credit quality and the amounts are still considered recoverable.

The Group's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

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

	2015	2014
	$'000	$'000
Past due for 1 to 90 days	3,601	2,010
Past due for 91 to 180 days	1,158	1,524
Over 181 days	818	1
	5,577	3,535

29. Financial instruments and financial risks (Continued)

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including foreign currency forward contracts to hedge against foreign currency risks.

Foreign currency risks

The Group transacts business in various foreign currencies, including USD and Euro, other than the respective functional currencies of the Group, and hence is exposed to foreign currency risks.

The Group either uses financial instruments such as foreign currency forward contracts to hedge certain financial risk exposures although hedge accounting was not applied or the natural hedges arising from a matching sale, purchase or a matching of assets and liabilities of the same currency and amount.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	2015	2014
	$'000	$'000
Group		
Monetary assets		
USD	10,723	7,067
Monetary liabilities		
USD	(2,142)	(259)
Less: Forward foreign currency contracts (USD)	(10,329)	(4,038)
	(1,748)	2,770

Foreign currency sensitivity analysis

The Group is mainly exposed to USD.

The following table details the Group's sensitivity to a 5% change in USD against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit/(Loss) before income tax and Equity	
	2015	2014
	$'000	$'000
USD		
Strengthens against $	(87)	139
Weakens against $	87	(139)

29. Financial instruments and financial risks (Continued)

Market risks (Continued)

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's exposure to interest rate risks is set out in a table below under Liquidity risks.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks of bank borrowings at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit/(Loss) before income tax and Equity	
	2015	**2014**
	$'000	**$'000**
Bank borrowings		
Increase	(59)	(58)
Decrease	59	58

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

29. Financial instruments and financial risks (Continued)

Liquidity risks (Continued)

	Effective interest rate	Carrying amount	Contractual Undiscounted Cash Flows	Less than 1 year	1 to 5 years	More than 5 years
	%	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and bank balances	–	7,101	7,101	7,101	–	–
Trade and other receivables	–	14,833	14,833	14,833	–	–
As at 30 June 2015		21,934	21,934	21,934	–	–
Cash and bank balances	–	3,781	3,781	3,781	–	–
Trade and other receivables	–	10,065	10,065	10,065	–	–
As at 30 June 2014		13,846	13,846	13,846	–	–
Financial liabilities and derivative financial instrument						
Trade and other payables	–	7,225	7,225	7,225	–	–
Bank borrowings	5.66	5,959	6,647	2,097	4,412	138
Foreign currency forward contracts	–	571	571	571	–	–
As at 30 June 2015		13,755	14,443	9,893	4,412	138
Trade and other payables	–	4,102	4,102	4,102	–	–
Bank borrowings	5.88	5,776	6,629	1,750	4,369	510
Foreign currency forward contracts	–	(95)	(95)	(95)	–	–
As at 30 June 2014		9,783	10,636	5,757	4,369	510
Total net assets/(liabilities)						
As at 30 June 2015		8,179	7,491	12,041	(4,412)	(138)
As at 30 June 2014		4,063	3,210	8,089	(4,369)	(510)

The Group's operations are financed mainly through equity, retained profits and bank borrowings. Adequate lines of credit are maintained to ensure the necessary liquidity is available when required. The repayment terms of the bank borrowings are disclosed in Note 23 to these financial statements.

30. Fair value of assets and liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable financial assets and financial liabilities are determined as follows:

(a) the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets that the Group can access at the measurement date markets are determined with reference to quoted market prices (unadjusted) (Level 1 of fair value hierarchy);

(b) in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).

30. Fair value of assets and liabilities (Continued)

(c) in the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

(d) the fair value of derivative instruments are calculated using quoted prices (Level 1 of fair value hierarchy). Where such prices are unavailable, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives (Level 3 of fair hierarchy).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Note	Level 1	Level 2	Level 3
		$'000	$'000	$'000
<u>Recurring fair value measurements</u>				
As at 30 June 2015				
Derivative financial instruments asset	18	571	–	–
As at 30 June 2014				
Derivative financial instruments liability	18	(95)	–	–

31. Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2015.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debts.

	2015	2014
	$'000	$'000
Net debt	6,654	6,097
Total equity	37,103	30,084
Total capital	43,757	36,181
Gearing ratio	15%	17%

The Group is in compliance with all externally imposed capital requirements for the financial year ended 30 June 2015.

32. Dividends

A subsidiary of the Group declared and paid an interim tax exempt dividend of $2.36 per ordinary share of that subsidiary totalling $82,435 in respect of the financial year ended 30 June 2014.

No dividend was recommended by the Group in respect of the financial year ended 30 June 2015.

33. Comparative figures

There are no comparative figures for the Company at 30 June 2014, as the Company was only incorporated on 21 August 2014.

Shareholders' Statistics

AS AT 10 SEPTEMBER 2015

Issued and Fully Paid Up Capital	:	S$37,694,218.00
Class of Shares	:	Ordinary shares
Number of Shares	:	188,023,530
Voting Rights	:	1 vote per share
Treasury Shares	:	Nil

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 10 SEPTEMBER 2015

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	0	0.00	0	0.00
100 - 1,000	13	3.53	10,400	0.00
1,001 - 10,000	160	43.48	1,049,200	0.56
10,001 - 1,000,000	180	48.91	14,116,090	7.51
1,000,001 & above	15	4.08	172,847,840	91.93
TOTAL	368	100.00	188,023,530	100.00

Based on the information provided and to the best knowledge of the Directors, approximately 18.05% of the issued ordinary shares of the Company is held in the hands of the public as at 10 September 2015 and therefore Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 10 SEPTEMBER 2015

Substantial Shareholders	Direct Interest (No. of shares)	Deemed Interest (No. of shares)	Total no. of shares held	Percentage of shares
Zen UG Pte. Ltd. (1)	92,443,030	–	92,443,030	49.17%
Lee Keck Keong (1)	–	92,443,030	92,443,030	49.17%
Sim Ai Cheng (1) (3)	–	92,443,030	92,443,030	49.17%
Lee Jun Yih (1)	883,000(4)	92,443,030	93,326,030	49.64%
Lee Jun Linn (1)	688,100(4)	92,443,030	93,131,130	49.53%
Ang Beng Teck (2)	28,145,710	–	28,145,710	14.97%
Ang Beng Yong (2)	9,412,530	–	9,412,530	5.01%

Notes:

(1) Lee Keck Keong, Sim Ai Cheng, Lee Jun Yih and Lee Jun Linn are deemed to be interested in all the shares held by Zen UG Pte. Ltd. by virtue of Section 7 of the Companies Act.

(2) Ang Beng Teck and Ang Beng Yong are siblings.

(3) Sim Ai Cheng is the spouse of Lee Keck Keong and the mother of Lee Jun Yih and Lee Jun Linn.

(4) Held in the name of CIMB Securities (Singapore) Pte. Ltd.

Shareholders' Statistics

AS AT 10 SEPTEMBER 2015

TOP 20 SHAREHOLDERS AS AT 10 SEPTEMBER 2015

Name of Shareholders	No. of Shares	% of Shares
ZEN UG PTE. LTD.	92,443,030	49.17
ANG BENG TECK	28,145,710	14.97
ANG BENG YONG	9,412,530	5.01
WONG SEE KEONG	9,120,670	4.85
ANG BENG CHEE	8,524,790	4.53
JEREMY LEE SHENG POH	6,733,220	3.58
TOMMIE GOH THIAM POH	3,286,220	1.75
DB NOMINEES (S) PTE LTD	2,791,000	1.48
ANG CHIEN KIAT	2,432,180	1.29
CENTURION PRIVATE EQUITY LTD	2,300,000	1.22
CIMB SECURITIES (S'PORE) PTE LTD	1,896,800	1.01
CITIBANK NOMINEES S'PORE PTE LTD	1,763,000	0.94
MAYBANK KIM ENG SECURITIES PTE LTD	1,666,600	0.89
ANG BENG WEI	1,216,090	0.65
KOH KIM LENG COLIN	1,116,000	0.59
OOI YO CHYE	728,400	0.39
RHB SECURITIES SINGAPORE PTE LTD	660,500	0.35
ANG BENG CHOO	608,045	0.32
ANG BENG HOON	608,045	0.32
UOB KAY HIAN PTE LTD	502,000	0.27
TOTAL	175,954,830	93.58

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of UG Healthcare Corporation Limited (the "**Company**") will be held at YMCA Singapore, One Orchard Road, Singapore 238824 on Tuesday, 20 October 2015 at 10.00 a.m. to transact the following business: -

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Directors' Report and the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect the following Directors retiring pursuant to Article 104 and 108 of the Company's Articles of Association:

   Article 104:
   Lim Teck Chai, Danny **[Resolution 2]**

   Article 108:
   Ang Beng Teck **[Resolution 3]**
   Wong See Keong **[Resolution 4]**
   Lee Jun Yih **[Resolution 5]**
   Lee Jun Linn **[Resolution 6]**
   Lee Keck Keong **[Resolution 7]**
   Yip Wah Pung **[Resolution 8]**
   Ng Lip Chi, Lawrence **[Resolution 9]**
   [Explanatory Note (1)]

3. To approve the sum of S$44,887 as Directors' fees for the financial year ended 30 June 2015. **[Resolution 10]**

4. To approve the sum of S$225,000/- as Directors' fees for the financial year ending 30 June 2016.
   [Explanatory Note (2)] **[Resolution 11]**

5. To re-appoint Messrs Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 12]**

6. To transact any other business that may properly be transacted at an annual general meeting.

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications: -

7. Authority to allot and issue shares in the capital of the Company

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") and the Articles of Association of the Company, authority be and is hereby given to the Directors to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") , whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuant of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (1) above, the percentage of Shares (excluding treasury shares) that may be issued shall be based on the Company's total number of issued Shares (excluding treasury shares) at the date of the passing of this Resolution, after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities or (b) new Shares arising from the exercising of share options or vesting of share awards outstanding and/or subsisting at the time of passing of this Resolution; provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (c) any subsequent bonus, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Articles of Association for the time being of the Company.

(4) Unless previously revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
[Explanatory Note (3)] **[Resolution 13]**

8. Authority to allot and issue shares under:

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

That pursuant to Section 161 of the Companies Act, Chapter 50, authority be and is hereby given to the Directors to:

(i) offer and grant options ("**Options**") from time to time in accordance with the rules of the Unigloves Employee Share Option Scheme (the "**Unigloves ESOS**"); and

(ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the Unigloves ESOS,

provided always that the aggregate number of Shares to be issued pursuant to the Unigloves ESOS, when aggregated to the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares), on the day immediately preceding the date on which an offer to grant an Option is made. The grant of Options can be made at any time from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[Explanatory Note (4)] **[Resolution 14A]**

Notice of Annual General Meeting

(B) Unigloves Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50, authority be and is hereby given to the Directors to:

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

(ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards granted under the Unigloves PSP,

provided always that the aggregate number of Shares to be issued or transferred pursuant to the Awards granted under the Unigloves PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[Explanatory Note (4)] **[Resolution 14B]**

By Order of the Board

Sharon Yeoh
Company Secretary

5 October 2015
Singapore

Explanatory Notes:

(1) **Resolution 2** - Mr Lim Teck Chai, Danny, if re-elected, will remain as the Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Audit Committee. The Board considers Mr Lim Teck Chai, Danny to be independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 3 - Mr Ang Beng Teck, if re-elected, will remain as the Executive Director and Chief Executive Officer of the Company.

Resolution 4 - Mr Wong See Keong, if re-elected, will remain as the Executive Director of the Company.

Resolution 5 - Mr Lee Jun Yih, if re-elected, will remain as the Executive Director of the Company.

Resolution 6 - Mr Lee Jun Linn, if re-elected, will remain as the Executive Director of the Company.

Resolution 7 - Mr Lee Keck Keong, if re-elected, will remain as the Non-Executive Director of the Company and a member of the Audit, Remuneration and Nominating Committees. The Board considers Mr Lee Keck Keong to be non-independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 8 - Mr Yip Wah Pung, if re-elected, will remain as the Independent Non-executive Chairman, Chairman of the Audit Committee and a member of the Remuneration Committee. The Board considers Mr Yip Wah Pung to be independent pursuant to Rule 704(7) of the Catalist Rules.

Resolution 9 - Mr Ng Lip Chi, Lawrence, if re-elected, will remain as the Independent Non-executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. The Board considers Mr Ng Lip Chi, Lawrence to be independent pursuant to Rule 704(7) of the Catalist Rules.

Key information on the Directors to be re-elected above are found on pages 10 to 11 of the annual report.

(2) **Resolution 11** - This Resolution is to facilitate payment of Directors' fees during the financial year in which the fees are incurred. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 30 June 2016 ("**FY2016**"). Should any Director hold office for only part of FY2016 and not the whole of FY2016, the Director's fee payable to him will be appropriately pro-rated.

(3) **Resolution 13** - This Resolution, if passed, will empower the Directors, effective until (i) the conclusion of the next annual general meeting, or (ii) the date by which the next annual general meeting of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make of grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, one hundred percent (100%) of issued share capital of the Company (excluding treasury shares), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

(4) **Resolution 14A and 14B** - This Resolution, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the exercise of Options and vesting of Awards under the Unigloves ESOS and Unigloves PSP respectively, provided that the aggregate number of Shares to be issued pursuant to the Unigloves ESOS and Unigloves PSP, when aggregated to the number of Shares issued and issuable or transferred and to be transferred under any other share option schemes or share schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time.

Notes:-

1. A member of the Company shall be entitled to appoint not more than two proxies to attend and vote at the annual general meeting on his behalf. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation or a limited liability partnership, it must be executed under its common seal or under the hand of its attorney duly authorised.

3. The instrument appointing a proxy, together with the power of attorney or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Registered Office of the Company not less than 48 hours before the time appointed for the holding of the annual general meeting or adjourned meeting at which it is to be used failing which the instrument may be treated as invalid.

4. Where a member appoints more than one proxy, the member shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternated to the first named.

5. A corporation or a limited liability partnership which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the annual general meeting.

6. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar at 8 Robinson Road, #03-00, ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the holding of the annual general meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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UG HEALTHCARE CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201424579Z

PROXY FORM

IMPORTANT FOR CPF INVESTORS ONLY:

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF investors and shall not be effective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of UG Healthcare Corporation Limited.

I/We ______________________________ NRIC/Passport/Co. Registration No. ____________________

of ____

being a member/members of **UG HEALTHCARE CORPORATION LIMITED** hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

or failing him/her, the Chairman of the annual general meeting ("AGM") of the Company, as my/our proxy/proxies to vote for me/us and on my/our behalf and, if necessary to demand a poll, at the AGM to be held at YMCA Singapore, One Orchard Road, Singapore 238824 on Tuesday, 20 October 2015 at 10.00 a.m. and at any adjournment thereof.

I/We have directed my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they will on any other matters arising at the AGM.

AS ORDINARY BUSINESS			
No.	**Resolutions Relating To:**	**For***	**Against***
1	Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Directors' Report and the Auditors' Report thereon		
2	Re-election of Mr Lim Teck Chai, Danny as director		
3	Re-election of Mr Ang Beng Teck as director		
4	Re-election of Mr Wong See Keong as director		
5	Re-election of Mr Lee Jun Yih as director		
6	Re-election of Mr Lee Jun Linn as director		
7	Re-election of Mr Lee Keck Keong as director		
8	Re-election of Mr Yip Wah Pung as director		
9	Re-election of Mr Ng Lip Chi, Lawrence as director		
10	Approval of directors' fees for financial year ended 30 June 2015		
11	Approval of directors' fees for financial year ending 30 June 2016		
12	Re-appointment of Messrs Mazars LLP as auditors		
AS SPECIAL BUSINESS			
13	Authority to issue new shares		
14A	Authority to allot and issue shares pursuant to the Unigloves ESOS		
14B	Authority to allot and issue shares pursuant to the Unigloves PSP		

** Please indicate your vote "For" or "Against" with a "√" within the boxes provided*

Dated this ____________ day of ________________ 2015

Total Number of Shares Held in:	
CDP Register	
Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporate Member
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company shall be entitled to appoint not more than two proxies to attend and vote at the annual general meeting on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation or a limited liability partnership, it must be executed under its common seal or under the hand of its attorney duly authorised.

4. The instrument appointing a proxy, together with the power of attorney or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Registered Office of the Company not less than 48 hours before the time appointed for the holding of the Annual General Meeting or adjourned meeting at which it is to be used failing which the instrument may be treated as invalid.

5. Where a member appoints more than one proxy, the member shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternated to the first named.

6. A corporation or a limited liability partnership which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the annual general meeting.

7. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar at 8 Robinson Road #03-00, ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the holding of the annual general meeting.

8. The Company shall be entitled to reject this instrument of proxy if it is incomplete improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 October 2015.

Corporate Information

BOARD OF DIRECTORS

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

Mr. Ang Beng Teck
Executive Director and Chief Executive Officer

Mr. Lee Keck Keong
Non-Executive Director

Mr. Lee Jun Yih
Executive Director

Mr. Wong See Keong
Executive Director

Mr. Lee Jun Linn
Executive Director

Mr. Lim Teck Chai, Danny
Independent Director

Mr. Ng Lip Chi, Lawrence
Independent Director

AUDIT COMMITTEE

Mr. Yip Wah Pung (Chairman)
Mr. Lee Keck Keong
Mr. Lim Teck Chai, Danny
Mr. Ng Lip Chi, Lawrence

REMUNERATION COMMITTEE

Mr. Ng Lip Chi, Lawrence (Chairman)
Mr. Lee Keck Keong
Mr. Yip Wah Pung

NOMINATING COMMITTEE

Mr. Lim Teck Chai, Danny (Chairman)
Mr. Lee Keck Keong
Mr. Ng Lip Chi, Lawrence

COMPANY SECRETARY

Ms. Sharon Yeoh Kar Choo, ACIS

REGISTERED OFFICE

21 Merchant Road
#04-01 Royal Merukh
S.E.A. Building
Singapore 058267
Tel: (65) 6677 2751/2
Fax: (65) 6677 2755
Website: www.ughealthcarecorporation.com

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

AUDITORS

Mazars LLP
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

Partner-in-charge: Mr. Chan Hock Leong, Rick
Date of appointment: 17 November 2014

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza Singapore
Singapore 048624

CONTINUING SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542
Tel: (65) 6532 3829

Registered professional: Ms. Tan Pei Woon

UG HEALTHCARE CORPORATION LIMITED

(Company Registration Number: 201424579Z

Visit us at **www.ughealthcarecorporation.com**