

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

website: www.ughealthcarecorporation.com

SGX stock code: 8K7

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Six months ended		
		31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000	Increase/ (Decrease) %
Revenue	4	55,899	117,278	(52.3)
Cost of sales		(49,764)	(72,728)	(31.6)
Gross profit		6,135	44,550	(86.2)
Other income		1,051	186	>100.0
		7,186	44,736	(83.9)
Marketing and distribution expenses		(3,009)	(4,075)	(26.2)
Administrative expenses		(10,539)	(12,460)	(15.4)
Other expenses		(2,849)	(1,335)	>100.0
Finance costs		(342)	(428)	(20.1)
Share of profits/(loss) from equity-accounted for associates		242	(527)	N.M.
(Loss)/Profit before income tax	6	(9,311)	25,911	N.M.
Income tax expense	7	384	(5,855)	N.M.
(Loss)/Profit for the period		(8,927)	20,056	N.M.
Other comprehensive loss:				
Exchange differences on translating foreign operations		(6,557)	(1,024)	>100.0
Total comprehensive (Loss)/income for the period		(15,484)	19,032	N.M.
(Loss)/Profit attributable to:				
Owners of the Company		(4,778)	21,246	N.M.
Non-controlling interests		(4,149)	(1,190)	>100.0
		(8,927)	20,056	N.M.
Total comprehensive (loss)/income attributable to:				
Owners of the Company		(11,164)	21,203	N.M.
Non-controlling interests		(4,320)	(2,171)	99.0
		(15,484)	19,032	N.M.
(Loss)/Earnings per share attributable to owners of the Company (cents)				
Basic	9	(0.77)	3.45	
Diluted		(0.77)	3.45	

N.M. – not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		31-Dec-22 S$'000	30-Jun-22 S$'000	31-Dec-22 S$'000	30-Jun-22 S$'000
ASSETS					
Non-current assets					
Subsidiaries		-	-	54,621	54,621
Associates		6,590	6,443	-	-
Property, plant and equipment	**12**	68,227	66,085	-	-
Intangible assets	**11**	529	476	-	-
Deferred tax assets		1,463	1,745	-	-
Total non-current assets		76,809	74,749	54,621	54,621
Current assets					
Inventories		59,584	61,834	-	-
Amount due from subsidiaries		-	-	12,480	26,406
Trade and other receivables		40,708	40,906	363	324
Income tax assets		3,715	10,332	-	-
Cash and bank balances		77,481	100,218	39,494	32,088
Total current assets		181,488	213,290	52,337	58,818
Total assets		258,297	288,039	106,958	113,439
EQUITY AND LIABILITIES					
Equity					
Share capital	**14**	59,652	59,652	59,652	59,652
Reserves		(42,612)	(36,226)	-	-
Retained earnings		196,704	205,474	45,542	52,027
Equity attributable to the owners of the Company		213,744	228,900	105,194	111,679
Non-controlling interests		1,843	6,163	-	-
Total equity		215,587	235,063	105,194	111,679
Non-current liabilities					
Deferred tax liabilities		1,970	4,824	-	-
Lease liabilities		687	724	-	-
Bank borrowings	**13**	16,665	10,273	-	-
Total non-current liabilities		19,322	15,821	-	-
Current liabilities					
Bank borrowings	**13**	5,489	6,186	-	-
Trade and other payables		16,790	24,506	1,658	1,638
Lease liabilities		779	798	-	-
Derivative financial liabilities		330	98	-	-
Income tax liabilities		-	5,567	106	122
Total current liabilities		23,388	37,155	1,764	1,760
Total liabilities		42,710	52,976	1,764	1,760
Total equity and liabilities		258,297	288,039	106,958	113,439

C. Condensed interim statements of changes in equity

	Attributable to equity holders of the Company						
	Share capital S$'000	Foreign currency translation reserves S$'000	Merger reserves S$'000	Retained earnings S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance as at 1 July 2022	59,652	(10,286)	(25,940)	205,474	228,900	6,163	235,063
Loss for the period	-	-	-	(4,778)	(4,778)	(4,149)	(8,927)
Other comprehensive loss							
Exchange differences on translating foreign operations	-	(6,386)	-	-	(6,386)	(171)	(6,557)
Total comprehensive loss for the period	-	(6,386)	-	(4,778)	(11,164)	(4,320)	(15,484)
Dividend	-	-	-	(3,992)	(3,992)	-	(3,992)
Balance as at 31 December 2022	59,652	(16,672)	(25,940)	196,704	213,744	1,843	215,587
Balance as at 1 July 2021	57,745	(12,966)	(25,940)	171,797	190,636	4,124	194,760
Profit/(loss) for the period	-	-	-	21,246	21,246	(1,190)	20,056
Other comprehensive loss							
Exchange differences on translating foreign operations	-	(43)	-	-	(43)	(981)	(1,024)
Total comprehensive (loss)/income for the period	-	(43)	-	21,246	21,203	(2,171)	19,032
Issuance of shares, pursuant to scrip dividend	1,907	-	-	-	1,907	-	1,907
Dividend	-	-	-	(3,118)	(3,118)	-	(3,118)
Balance as at 31 December 2021	59,652	(13,009)	(25,940)	189,925	210,628	1,953	212,581

	Company			
	Share Capital S$'000	Share-based payment reserve S$'000	Retained earnings S$'000	Total S$'000
Balance as at 1 July 2022	59,652	-	52,027	111,679
Loss for the period, representing total comprehensive loss for the period	-	-	(2,493)	(2,493)
Dividend	-	-	(3,992)	(3,992)
Balance as at 31 December 2022	59,652	-	45,542	105,194
Balance as at 1 July 2021	57,745	-	53,451	111,196
Loss for the period, representing total comprehensive loss for the period	-	-	(1,510)	(1,510)
Issuance of shares, pursuant to scrip dividend	1,907	-	-	1,907
Dividend	-	-	(3,118)	(3,118)
Balance as at 31 December 2021	59,652	-	48,823	108,475

D. Condensed interim consolidated statement of cash flows

	Note	Six Months Ended	
		31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000
Operating activities			
(Loss)/Profit before income tax		(9,311)	25,911
Adjustments for:			
Amortisation of intangible assets		10	10
Property, plant and equipment written off		196	66
Depreciation of property, plant and equipment		1,562	1,453
Loss allowance on trade receivables		16	1
Interest expense		341	428
Interest income		(935)	(128)
Share of (profits)/loss from equity-accounted for associates		(242)	527
Fair value loss/(gain) of derivative financial instruments		180	(724)
Unrealised exchange differences		(3,565)	344
Operating cash flows before movements in working capital		(11,748)	27,888
Movements in working capital			
Inventories		2,250	14,491
Trade and other receivables		182	15,525
Trade and other payables		(7,716)	(11,487)
Cash (used in)/ generated from operations		(17,032)	46,417
Interest paid		(274)	(398)
Income taxes paid		(1,138)	(15,594)
Net cash (used in)/ generated from operating activities		(18,444)	30,425
Investing activities			
Acquisition of property, plant and equipment	**12**	(6,446)	(8,863)
Addition of intangible assets		(74)	(126)
Dividend received		-	-
Decrease/(Increase) in fixed deposits pledged to bank		14	(7)
Interest received		935	128
Net cash used in investing activities		(5,571)	(8,868)
Financing activities			
Drawdown of borrowings		13,350	9,710
Repayment of borrowings		(7,656)	(12,263)
Repayment of lease liabilities		(409)	(432)
Dividend paid		(3,992)	(1,211)
Net cash generated from/ (used in) financing activities		1,293	(4,196)
Net (decrease)/increase in cash and cash equivalents		(22,722)	17,361
Cash and cash equivalents at beginning of financial period		99,580	67,797
Cash and cash equivalents at end of financial period		76,858	85,158
Cash and cash equivalents comprised the following:			
Cash and bank balances		77,481	85,809
Less: Fixed deposits pledged to bank		(623)	(651)
		76,858	85,158

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

UG Healthcare Corporation Limited (the "**Company**") (Registration Number 201424579Z) is incorporated and is domiciled in Singapore. The address of the Company's registered office is 38 Beach Road, #29–11 South Beach Tower, Singapore 189767 and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). These condensed interim consolidated financial statements as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

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

The principal activities of the Group are manufacturing and trading of gloves and other medical disposables products such as latex examination gloves, nitrile examination gloves and other ancillary products.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1. The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Reportable segment revenues, profit or loss, assets and liabilities and other material items

The revenue is derived from the sale of goods which is recognised based on point in time.

	31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000	Increase/ (Decrease) %
Revenue			
Total revenue for reportable segments	130,951	238,324	(45.1)
Elimination of inter-segment revenue	(75,052)	(121,046)	(38.0)
	55,899	117,278	(52.3)
Profit or Loss			
Total (loss)/profit reportable segments	(9,553)	26,438	N.M.
Share of profit/(loss) of associate	242	(527)	N.M.
(Loss)/Profit before income tax	(9,311)	25,911	N.M.
Assets			
Total assets for reportable segments	251,707	249,916	0.7
Investments in associate	6,590	6,668	(1.2)
Total assets	258,297	256,584	0.7
Liabilities			
Total liabilities for reportable segments	42,710	44,003	(2.9)
Total liabilities	42,710	44,003	(2.9)

By product segments

	31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000	Increase/ (Decrease) %
Revenue			
Latex examination gloves	37,498	49,880	(24.8)
Nitrile examination gloves	16,660	64,392	(74.1)
Other ancillary products	1,741	3,006	(42.1)
Total	55,899	117,278	(52.3)
Gross profit			
Latex examination gloves	4,236	19,836	(78.6)
Nitrile examination gloves	1,605	24,330	(93.4)
Other ancillary products	294	384	(23.4)
Total	6,135	44,550	(86.2)
Gross profit margin	%	%	
Latex examination gloves	11.3	39.8	
Nitrile examination gloves	9.6	37.8	
Other ancillary products	16.9	12.8	
Overall	11.0	38.0	

By geographical locations

	31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000	Increase/ (Decrease) %
Revenue			
Europe	20,099	50,576	(60.3)
North America	4,695	13,813	(66.0)
South America	11,567	21,128	(45.3)
Africa	4,766	8,081	(41.0)
Asia	13,079	21,284	(38.6)
Others	1,693	2,396	(29.3)
Total	55,899	117,278	(52.3)

Locations of non-current assets

	31-Dec-22 1H FY23 S$'000	30-Jun-22 FY22 S$'000	Increase/ (Decrease) %
Non-current assets			
Europe	6,642	6,301	5.4
North America	645	776	(16.9)
South America	4,890	4,549	7.5
Africa	2,079	2,343	(11.3)
Asia	62,553	60,780	2.9
Total	76,809	74,749	2.8

5. Financial assets and financial liabilities

Set out of below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 30 June 2022:

	The Group		The Company	
	31-Dec-22 S$'000	30-Jun-22 S$'000	31-Dec-22 S$'000	30-Jun-22 S$'000
Financial assets				
Trade and other receivables (excluding prepayment)	37,451	37,517	219	219
Cash and cash equivalents	77,481	100,218	39,494	32,088
Amounts due from subsidiaries	-	-	12,480	26,406
Financial assets measured at amortised cost	114,932	137,735	52,193	58,713
Financial liabilities				
Trade and other payables	16,790	24,506	1,658	1,638
Bank borrowings	22,154	16,459	-	-
Lease liabilities	1,466	1,522	-	-
Financial liabilities measured at amortised cost	40,410	42,487	1,658	1,638

6. Profit before taxation

6.1 Significant items

	31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000
Income		
Interest income	935	128
Expenses		
Interest expenses	341	428
Depreciation	1,562	1,453
Property, plant and equipment written off	196	66
Amortisation of intangible assets	10	10
Loss allowance on trade receivables	16	1
Foreign exchange loss	2,728	1,229

Note
** Foreign exchange gain/loss includes net realised and unrealised foreign exchange gain/loss and fair value gain/loss on financial derivatives that are used mainly for hedging purposes.*

6.2 Related party transactions

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

	31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000
Sales to associates	8,092	11,689

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	31-Dec-22 1H FY23 S$'000	31-Dec-21 1H FY22 S$'000
Current income tax		
- Current	501	5,855
- Over-provision in prior year	(885)	-
Total income tax expenses	(384)	5,855

8. Dividends

	1H FY23 S$'000
Ordinary dividend paid during the financial period:	
Tax exempt final dividend declared for FY22 (paid in December 2022)	1,996
Tax exempt special dividend declared for FY22 (paid in December 2022)	1,996
Total dividends paid	3,992

9. Earnings per share

	31-Dec-22 1H FY23	31-Dec-21 1H FY22
(Loss)/Earnings (S$'000)		
(Loss)/Earnings for the purpose of basic and diluted earnings per share ((loss)/profit for the year attributable to the Company)	(4,778)	21,246
Number of shares		
Weighted average number of ordinary shares for the purpose of		
- basic share	623,825,811	616,628,880
- diluted share	623,825,811	616,628,880
(Loss)/Earnings per share (cents)		
- basic	(0.77)	3.45
- diluted	(0.77)	3.45

10. Net asset value

	The Group		The Company	
	31-Dec-22	30-Jun-22	31-Dec-22	30-Jun-22
Number of ordinary shares	623,825,811	623,825,811	623,825,811	623,825,811
Total net asset value (attributable to owners of the Company) (S$'000)	213,744	228,900	105,194	111,679
Net asset value per share (cents)	34.26	36.69	16.86	17.90

11. Intangible assets

	1H FY23 S$'000	FY22 S$'000
Cost:		
Balance at beginning of period	566	344
Addition	74	242
Exchange difference	(6)	(20)
Balance at end of period	634	566
Accumulated amortisation:		
Balance at beginning of period	(90)	(81)
Amortisation	(10)	(21)
Exchange difference	(5)	12
Balance at end of period	(105)	(90)

	1H FY23 S$'000	FY22 S$'000
Business license	184	184
Computer software	320	263
Customer base	25	29
Balance at end of period	529	476

12. Property, plant and equipment

During the financial period ended 31 December 2022, the Group acquired property, plant and equipment for an amounting of S$6,446,000 (31 December 2021: S$8,863,000), and disposed and wrote off assets amounting to S$196,000 (31 December 2021: S$66,000).

13. Borrowings

	31-Dec-2022		30-Jun-2022	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	5,489	-	6,186	-
Amount repayable after one year	16,665	-	10,273	-
Total borrowings	22,154	-	16,459	-

Details of collaterals

As at 31 December 2022 and 30 June 2022, the borrowings of the Group were secured by:

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

14. Share capital

	Group and Company	
	No. of share ('000)	S$'000
Issuance and paid-up share capital as at 30 June 2022 and 31 December 2022	623,825,811	59,651,669

The Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2022 and 31 December 2021.

15. Acquisition of subsidiary

Health Focus Diagnostics Nigeria (PTY) Limited

During the financial year, Group's 75%-owned Nigeria subsidiary, Uni-Medical Healthcare Limited, has together with Health Focus Diagnostics GmbH incorporated a joint venture partnership, to set up a medical diagnostic centre in the state of Enugu, Nigeria. Please refer to the Company's announcement dated 27 December 2022 for more details.

16 Subsequent events

Indigo Teguh Sdn Bhd

On 18 January 2023, the Company announced that it has completed the acquisition of 100% of the share capital of Indigo Teguh Sdn Bhd from the vendor for an aggregate consideration of RM100. Please refer to the Company's announcement dated 18 January 2023 for more details.

F. Other information required by Catalist Rules Appendix 7C

1. Review

The condensed consolidated statement of financial position of UG Healthcare Corporation Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue for all business segments have decreased in the financial period ended 31 December 2022 ("**1H FY23**") as compared to the financial period ended 31 December 2021 ("**1H FY22**"). This was mainly due to the decrease in the average selling price ("**ASP**") of disposable gloves amid intense competition in an oversupply market situation. Revenue for latex examination gloves, nitrile examination gloves and other ancillary products have decreased by 24.8%, 74.1% and 42.1% respectively, in 1H FY23 as compared to 1H FY22 mainly due to the reasons described above. The Group's revenue decreased by approximately S$61.4 million or 52.3% from S$117.3 million in 1H FY22 to S$55.9 million in 1H FY23.

Cost of sales decreased by S$22.9 million from S$72.7 million in 1H FY22 to S$49.8 million in 1H FY23. This was due to the decrease in the average purchase price of raw materials, which was partially offset by the increase in minimum labour wages in Malaysia and both electricity and gas tariffs.

Gross profit decreased by approximately S$38.5 million from S$44.6 million in 1H FY22 to S$6.1 million in 1H FY23 in tandem with the decrease in ASP and sales volume of gloves and ancillary products as well as higher overhead expenses at the upstream manufacturing. Correspondingly, the gross profit margin of the Group decreased from 38.0% in 1H FY22 to 11.0% in 1H FY23 as ASP declined across the Group's products.

Other income increased by S$0.9 million from S$0.2 million in 1H FY22 to S$1.1 million in 1H FY23 mainly due to the increase in interest income from fixed deposits with the banks in tandem with the rising interest rate environment during the period under review and an increase in the fixed deposit placed with the banks.

Operating expenses comprising marketing and distribution expenses and administrative expenses decreased by S$3.0 million from S$16.5 million in 1H FY22 to S$13.5 million. This was mainly due to the decrease in administrative expenses as groupwide staff bonuses and commission were reduced in tandem with the decrease in revenue and profit.

Other expenses increased by S$1.5 million from S$1.3 million in 1H FY22 to S$2.8 million in 1H FY23 mainly due to loss from foreign exchange, where the fixed deposit mainly placed in US dollar and Renminbi have weakened against Singapore dollar.

Finance cost decreased by S$0.1 million from S$0.4 million in 1H FY22 to S$0.3 million in 1H FY23 due to lower utilisation on trade facilities.

Share of losses/ profits from associates increased from a loss of S$0.5 million in 1H FY22 to a profit of S$0.2 million in 1H FY23 due to profit reported by German and USA associates.

After taking into account the tax expenses and minority interests, the Group's net profit/ loss attributable to the shareholders decreased from a gain of S$21.2 million in 1H FY22 to a loss of S$4.8 million in 1H FY23.

Non-current assets increased by approximately S$2.1 million from S$74.7 million as at 30 June 2022 to S$76.8 million as at 31 December 2022 mainly due to increase in acquisition of property, plant and equipment of S$6.8 million which mainly pertains to the construction of new factory and new production lines.

Current assets decreased by approximately S$31.8 million from S$213.3 million as at 30 June 2022 to S$181.5 million as at 31 December 2022, mainly due to:

- Decrease in trade and other receivables by S$0.2 million from S$40.9 million as at 30 June 2022 to S$40.7 million as at 31 December 2022 due to lower average selling price of gloves;
- Decrease in cash and bank balances of S$22.7 million from S$100.2 million as at 30 June 2022 to S$77.5 million as at 31 December 2022;
- Decrease in income tax assets of S$6.6 million from S$10.3 million as at 30 June 2022 to S$3.7 million as at 31 December 2022; and
- Decrease in inventories of S$2.2 million from S$61.8 million as at 30 June 2022 to S$59.6 million as at 31 December 2022.

Non-current liabilities increased from S$15.8 million as at 30 June 2022 to S$19.3 million as at 31 December 2022 mainly due to the increase in non-current borrowings of S$6.4 million, partially offset by decrease in deferred tax asset liabilities of S$2.9 million.

Current liabilities decreased by approximately S$13.8 million from S$37.2 million as at 30 June 2022 to S$23.4 million as at 31 December 2022 mainly due to:

- Decrease in trade and other payables by S$7.7 million from S$24.5 million as at 30 June 2022 to S$16.8 million as at 31 December 2022 due to decrease in selling price of raw materials;
- Decrease in income tax liabilities by S$5.6 million due to repayment of tax payable; and
- Decrease in current borrowings by S$0.7 million from S$6.2 million as at 30 June 2022 to S$5.5 million as at 31 December 2022 due to repayment of borrowings from trade facilities; partially offset by
- Increase in derivative financial liabilities by S$0.2 million from S$0.1 million as at 30 June 2022 to S$0.3 million as at 31 December 2022.

The Group's net asset value decreased from S$228.9 million as at 30 June 2022 to S$213.7 million as at 31 December 2022. Similarly, net asset value decreased from 36.69 Singapore cents as at 30 June 2022 to 34.26 Singapore cents as at 31 December 2022.

In 1H FY23, the net cash used in operations amounted to S$18.4 million taking into account of the loss before tax of S$9.3 million, adjusted for working capital outflows of S$5.3 million which was mainly due to decrease in trade and other payables, as well as income tax paid of S$1.1 million. Net cash used in investing activities amounted to S$5.6 million due to purchases of property, plant and equipment, which was mainly for the construction of new factory and new production lines, partially offset by cash inflows from interest received. Net cash generated from financing activities amounted to S$1.3 million mainly due to the net increase in non-current borrowings for the purchases of property, plant and equipment.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

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

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The disequilibrium between the global demand and supply of disposable gloves is likely to continue to undermine the performance of the disposable gloves industry as inventories that were built-up earlier take time to deplete. This in turn, continues to depress the average selling price ("**ASP**") of disposable gloves, resulting in lower utilisation of production volume on the back of inflationary pressures on the costs of goods.

The Group's third manufacturing facility is ready to commence the production of disposable gloves. However, the shortage of manpower due to extensive due diligence on foreign labour, as well as the current dynamics of the business environment, is leading to further postponement of the commissioning of the production capacity of 1.2 billion pieces of gloves per annum.

While the Group rationalises its upstream manufacturing operations amid intense competition, it continues to drive expansion at its downstream distribution. These initiatives include establishing new markets in the Europe region and strengthening its UNIGLOVES® brand position in existing key markets through focusing on its broadened product portfolio including its new reusable gloves for industrial users.

The Group has also embarked on diversifying into non-glove healthcare related businesses to improve its sustainable growth in the long term. These include (i) the joint development, management, and operation of active retirement homes, and healthcare and wellness business, and (ii) the joint establishment of a medical diagnostic centre in Nigeria.

The Group will update shareholders on material developments as and when they arise.

5. Dividend

Not applicable. No dividend has been declared for 1H FY23.

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for 1H FY23 as the Group wishes to conserve cash for expansion and growth.

7. Dividend information for the corresponding period of the immediate preceding financial year

No dividend has been declared during the corresponding period of the immediate preceding financial year.

8. Interested person transactions

The Group has not obtained any IPT mandate from the shareholders. There is no IPT entered into during 1H FY23.

9. Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company has received undertaking from all its Directors and Executive Officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules of the SGX-ST.

10. Confirmation pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company hereby confirms, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results for the first half and six months financial period ended 31 December 2022 to be false or misleading in any material aspect.

By order of the Board
UG Healthcare Corporation Limited

LEE KECK KEONG
Executive Director and CEO

14 February 2023