UGHEALTHCARE
CORPORATION

ESTABLISHING NEW GROWTH EXTENDING OUR PRESENCE

ANNUAL REPORT 2022

UNIGLOVES®
KEEPING YOU SAFE

Contents

Industry Solutions

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

This Annual Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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Company Profile

UG Healthcare Corporation Limited 优格医疗集团 ("**UG Healthcare**" or the "**Company**" and together with its subsidiaries, the "**Group**") is an own brand manufacturer that markets and sells proprietary **UNI**GLOVES® branded products through its own established global downstream distribution network.

The Group owns and operates an extensive downstream network of distribution companies with a local presence in Europe, the United Kingdom, the USA, China, Africa, and South America, where it markets and sells its proprietary **UNI**GLOVES® brand of disposable examination gloves. The Group also distributes ancillary products including reusable gloves, surgical, vinyl, and cleanroom disposable / single-use gloves, and non-glove products such as face masks and medical disposables.

These downstream distribution companies are supported and complemented by the Group's own upstream manufacturing division, manufacturing natural latex and nitrile disposable examination gloves under its **UNI**GLOVES® brand and third-party labels in its manufacturing facilities located in Seremban, Negeri Sembilan, Malaysia. The Group's upstream manufacturing is certified by the British Standards Institution ("**BSI**") for ISO 9001:2015, ISO 13485:2016, and EN ISO 13485:2016 for the scope of manufacture and supply of natural latex and nitrile latex examination gloves.

The Group's **UNI**GLOVES® brand of disposable examination gloves offer an extensive product range that includes both specialised products, with a variety of coatings, scents, colours, thickness, antimicrobial properties, and eco-friendly materials for more specialised users, as well as generic products. The Group has also expanded its product range to reusable gloves for users in the heavy industries. These disposable and reusable hand protection products are used across a diverse range of industries requiring safety and cross-infection protection and hygiene standards, whilst catering to different applications and preferences of users, keeping them safe. The Group's proprietary brand of products conform to various international standards and requirements.

UG Healthcare is listed on the Singapore Exchange Securities Trading Limited on 8 December 2014 under stock code **8K7**.

Letter to Shareholders

Dear Fellow Shareholders,

The disposable glove manufacturing industry is undergoing yet another turbulent time as the average selling price ("**ASP**") of disposable examination gloves is adjusted to pre-COVID levels, a reversal of how things were when the pandemic started in March 2020. While demand remains strong for hand protection solutions for safety and hygiene purposes, the surge in production capacities in the disposable glove manufacturing industry and the resultant increase in the global supply of disposable examination gloves, led to rapid downward adjustments in ASP as competition at the upstream manufacturing intensified. This trend, which flows through the supply chain to the downstream distribution, affected customers' preference to hold lower inventory as the urgency to stockpile is greatly reduced.

In the financial year under review, our upstream manufacturing operations based in Seremban, Negeri Sembilan, Malaysia, were met with temporary closure and the mandated 60% manpower capacity amid the rising infection cases in Malaysia. Our expansion plan for a third manufacturing facility, which will produce an additional 1.2 billion pieces of gloves per annum was also met with delays due to lockdowns that halted construction activities. This was exacerbated by the shortage of manpower as Malaysia reopened its borders and foreign workers left to return to their hometowns. We have since obtained the relevant approval to recruit foreign workers, and the new employees are expected to arrive progressively in late 2022, allowing us to commission the new manufacturing facility.

REMAINING STEADFAST

The challenges in our upstream manufacturing operations while resulting in lower production volume, led us to focus on producing higher premium and specialised disposable examination gloves under our proprietary **UNI**GLOVES® brand for our customers who are accustomed to the quality and reliability of our products in keeping them safe in their professional duties. Nevertheless, we are also affected by the macro business environment and markets that need time to absorb the overwhelmed inventory of disposable gloves from the last two years. This, coupled with the rapid downward adjustments in the ASP of disposable examination gloves eroded rich margins recorded during the height of the pandemic crisis, which is expected to normalise naturally to pre-COVID levels.

Our Group's financial performance in the financial year ended 30 June 2022 ("**FY2022**") saw a 69.0% year-on-year decline in net profit attributable to shareholders from S$118.8 million in FY2021 to S$36.8 million in FY2022, on the back of a 31.3% year-on-year decline in revenue from S$338.4 million in FY2021 to S$232.6 million in FY2022. Nonetheless, we are heartened that our own brand manufacturing ("**OBM**") business model, which comprises the upstream manufacturing and downstream distribution operations with a focus on marketing and selling our products through our proprietary **UNI**GLOVES® brand, has proven to be resilient throughout this pandemic, moderating the magnitude of the volatility in these trying times. While we registered lower earnings in FY2022, we have further strengthened our balance sheet and net cash position that places the Group in a favourable position to pursue strategic opportunities to build on our OBM foundation for sustainable growth in the long term.

Letter to Shareholders

ESTABLISHING NEW GROWTH, EXTENDING OUR PRESENCE

As we adapt to normality, we will recalibrate our upstream manufacturing and downstream distribution businesses to overcome the new set of market dynamics and challenges in view of the global economic slowdown and geopolitical uncertainties.

While we are confident that our base of downstream distribution customers can absorb our planned production capacity of 4.6 billion pieces of gloves per annum, which will be produced primarily under our proprietary **UNI**GLOVES® brand, we are mindful of further capacity expansion in the production of disposable gloves in the near future. We will focus on improving the overall production efficiency gradually at our upstream manufacturing operations and harness our strengths through our downstream distribution operations to break new grounds, as it is likely to take some time for the global markets to achieve new equilibrium in the demand-supply of disposable gloves. This is despite greater awareness of the need for hand protection for safety and hygiene purposes.

Leveraging on our OBM foundation, we are taking prudent approaches to diversify beyond our disposable examination gloves business in a bid to broaden our business and earnings base to cultivate sustainable growth for the Group over the long term. The cash resources that we accumulated in the last two years will be deployed prudently to generate higher value for our prioritised stakeholders – employees, customers, business partners, and shareholders.

In October 2021, we launched a new range of reusable industrial gloves to cover comprehensive hand protection against major workplace hand hazards including chemical, cuts, impacts, thermal and electrical hazards, for users in the heavy industries. We have also put in place a new team of marketing and sales professionals specialising in reusable glove applications to support the users in the heavy industries. Our downstream distribution operations are also continuing their efforts in strengthening our proprietary **UNI**GLOVES® brand and extending our local presence in the neighbouring countries from our six core markets.

We believe our next level of growth will stem from establishing new growth areas in non-glove healthcare related products and services, and extending our presence through our hub and spoke strategy at our downstream distribution division.

A TOKEN OF APPRECIATION

We are appreciative of the confidence and support of our shareholders. The Board is mindful of the global economic slowdown and geopolitical uncertainties, and therefore, is of the view to conserve cash resources, which could potentially be deployed for the Group's future expansion plans to create sustainable earnings growth for shareholders in the long term.

The Board has recommended a special dividend of 0.320 Singapore cents per share and a final dividend of 0.320 Singapore cents per share for FY2022 as a token of appreciation to shareholders. The total dividend of 0.640 Singapore cents for FY2022 is a slight increase from 0.611 Singapore cents in FY2021, despite the Group reporting a lower net profit in FY2022. The dividend payment is subject to shareholders' approval at the upcoming Annual General Meeting to be held on 28 October 2022.

ACKNOWLEDGMENTS AND APPRECIATION

We are appreciative of our fellow Directors for their support and invaluable advice over the past financial year.

On behalf of the Board, we would like to extend our gratitude to our management and employees for their committed efforts, as well as the unwavering trust and support of our customers, business partners, and bankers, in coping with the evolving market dynamics amidst the prolonged pandemic crisis.

We are also thankful to our supportive shareholders who share our growth journey over the past years. We look forward to your continued support as we continue to establish new growth and extend our presence to strengthen our sustainable earnings base in the long term.

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

Mr. Lee Keck Keong
Chief Executive Officer and Executive Director

Business Operations

We have also expanded our product portfolio to include reusable glove products for professionals in heavy industries to the current range of ancillary products including surgical, vinyl, and cleanroom disposable / single-use gloves, and non-glove products such as face masks and medical disposables.

UG Healthcare is motivated to deliver excellence consistently through our integrated own brand manufacturing ("**OBM**") business to support our customers, who built their trust and loyalty in our proprietary **UNI**GLOVES® branded products, particularly our hand protection solutions.

Our integrated OBM business model, comprising upstream manufacturing and downstream distribution for our proprietary **UNI**GLOVES® branded products, enables us to be in better control of the quality and reliability of our products that are being used by our end users who require cross infection protection and high hygiene standards. We remain committed to address the evolving requirements of our end users across diverse industries and develop suitable hand protection solutions, healthcare related products, and ancillary products for their applications in their professions, keeping them safe.

The heightened awareness of hygiene and protection amid the COVID-19 pandemic has not only increased the demand for disposable examination gloves but also raised our proprietary **UNI**GLOVES® brand presence in our core markets. The strong brand preference by end users, in turn, propelled expansion in both our upstream manufacturing and downstream distribution divisions.

As we continue to harness the strengths of our entrenched downstream distribution capabilities that provide us direct market access in our core markets in both developed and developing countries, our market intelligence opens up growth opportunities beyond disposable / single-use examination glove products.

At UG Healthcare, we offer an extensive range of disposable examination glove products, including a variety of coatings, colours and scents, antimicrobial properties, and eco-friendly materials, to appeal to the different needs and preferences of end users across diverse industries. We have also expanded our product portfolio to include reusable glove products for professionals in heavy industries to the current range of ancillary products including surgical, vinyl, and cleanroom disposable / single-use gloves, and non-glove products such as face masks and medical disposables.

We are on track to build on our integrated OBM business foundation and grow sustainably through prudent expansion of our portfolio to include non-glove healthcare related products and services over the long term. We believe portfolio diversification allows natural moderation against volatility during uncertain times and safeguards the interests of our prioritised stakeholders – customers, employees, and business partners.

Business Operations

TOTAL INSTALLED PRODUCTION CAPACITY

4.6 billion

pieces of gloves per annum from FY2023

UPSTREAM MANUFACTURING IS CERTIFIED BY

British Standards Institution ("BSI")

for ISO 9001:2015, ISO 13485:2016, and EN ISO 13485:2016

OUR UPSTREAM MANUFACTURING CAPABILITIES

The progress of our third manufacturing facility with the intended additional production capacity of 1.2 billion pieces of gloves per annum, faced several delays amid the COVID-19 situation in Malaysia. The commencement of this additional production capacity, which was originally scheduled for May 2022 was delayed by the shortage of manpower.

Nevertheless, we have obtained the relevant approval to recruit foreign workers and the new employees are expected to arrive progressively later this year. Hence, the new manufacturing facility for disposable examination gloves that is expected to bring the total installed production capacity to 4.6 billion pieces of gloves per annum is likely to be commissioned later this year. We will continue to produce both latex and nitrile examination gloves in all our manufacturing facilities.

Despite greater awareness of the need for hand protection for safety and hygiene purposes, it is likely to take some time for the global markets to achieve equilibrium in the demand and supply of disposable examination gloves following the aggressive expansion of production capacities in the glove manufacturing industry in the past year.

We are, however, confident that our base of downstream distribution customers can absorb our planned production capacity of 4.6 billion pieces of gloves per annum, which will be produced primarily under our proprietary **UNI**GLOVES® brand. Instead of further capacity expansion, we will strive to achieve optimal utilisation with the installed production capacity as we increase our manpower. In addition, the close proximity of our new manufacturing facility to the existing manufacturing facilities enables better cost efficiencies and enhances the Group's economies of scale.

Our upstream manufacturing is certified by the British Standards Institution ("**BSI**") for ISO 9001:2015, ISO 13485:2016, and EN ISO 13485:2016 for the scope of manufacture and supply of natural latex and nitrile latex examination gloves. The Group is also registered with the Supplier Ethical Data Exchange, a not-for-profit membership organisation that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains, and our manufacturing facilities are audited under Sedex Members Ethical Trade Audit ("**SMETA**").

Business Operations

OUR DOWNSTREAM DISTRIBUTION NETWORK

We own and operate an extensive network of downstream distribution companies with a local presence in Europe, the United Kingdom, the USA, China, Africa, and South America, where we market and sell our proprietary **UNI**GLOVES® brand of disposable examination gloves to more than 50 countries globally. We also distribute ancillary products including surgical, vinyl, and cleanroom disposable / single-use gloves, as well as non-glove products such as face masks and medical disposables.

Our prior investments in our distribution network and capabilities include managing our warehousing and logistics infrastructure and operating with our marketing and sales teams in our key strategic markets, are reinforced during the pandemic. These downstream distribution capabilities continue to provide support to our customers, assuring them of adequate inventories.

We value the trust and brand loyalty that our customers have in our **UNI**GLOVES® branded products. The growing market share in all key markets in both the developed and developing countries is a strong testament to their support and confidence.

In October 2021, we launched a new range of proprietary branded reusable gloves for users in heavy industries. This range of reusable gloves offers comprehensive hand protection against major workplace hazards in heavy industries including chemicals, railway and energy. As a new entrant in the heavy industries, we will dedicate resources to establish our brand and market presence, as well as cultivate demand for our proprietary branded reusable gloves with the new set of customers.

We will continue to strengthen our **UNI**GLOVES® brand positioning in our target markets and cultivate demand for our **UNI**GLOVES® branded products to reach out to more end users.

Business Operations

OWN BRAND OF PRODUCTS

The Group's mainstay – **UNI**GLOVES® brand of disposable examination gloves offer an extensive product range that includes both specialised products, amongst others, a variety of coatings, scents, colours, thickness, antimicrobial properties, and eco-friendly materials for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross-infection protection and high hygiene standards, catering to different applications and preferences.

Our proprietary brand of products continues to conform to various international standards and requirements, including the **ASTM International** (formerly known as American Society for Testing and Materials), European standard for medical gloves ("**EN455**"), **ISO 11193** standards (International Organization for Standardization for Single-use medical examination gloves), CE and UKCA Type Examination Certificates of Latex and Nitrile Examination Gloves PPE 2016(425) Cat III, Acceptance Quality Level requirements under the Food and Drug Administration ("**USFDA**"), China Food and Drug Administration ("**CFDA**"), Brazilian Health Regulatory Agency ("**Anvisa**") and the National Agency for Food and Drug Administration and Control ("**NAFDAC**").

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 to meet the evolving hand protection requirements by users in diverse industries. We also collaborate with renowned research laboratories to achieve breakthroughs in products to provide better protection solutions for end users.

Although most of the manufactured products are done in-house, we believe strategic collaboration can be more efficient and beneficial to the end users. Hence, we will continue to look into broadening our proprietary branded portfolio through potential opportunities for non-glove healthcare related products and services to provide a wider range of offerings to our customer base.

Business Operations

We believe that our entrenched distribution infrastructure and network in both the developed and developing markets will continue to drive growth for the Group as we broaden our product portfolio.

BUSINESS STRATEGY

The Group's strategy has always been to cultivate demand for our proprietary **UNI**GLOVES® range of disposable examination gloves through our downstream distribution companies. These strategically established distribution companies in both developed and developing countries have our local sales and marketing teams and distribution infrastructures (including local warehouses and logistics) as well as our direct customer base. The market demand for our **UNI**GLOVES® range of products, in turn, drives the production volume in our upstream manufacturing facilities in Malaysia. This approach allows the Group to manage the value chain seamlessly and efficiently, and build the OBM foundation.

The Group will continue to drive marketing campaigns to further entrench our market presence for our proprietary **UNI**GLOVES® branded products through our downstream distribution network. These campaigns focus on driving the marketing and sales of our established distribution companies in our key markets of Europe, the United Kingdom, the USA, China, Africa, and South America, and will be supported by these distribution companies which operate their own warehousing and logistics infrastructure.

We believe that our entrenched distribution infrastructure and network in both the developed and developing markets through hub and spoke strategy, will continue to drive growth for the Group as we broaden our product portfolio.

Corporate Structure

UG HEALTHCARE CORPORATION

- **UG GLOBAL RESOURCES** – Malaysia – 100%
- **UG GLOVETECH** – Malaysia – 100%
- **NS UNIGLOVES** – Malaysia – 100%
- **UG ENGINEERING** – Malaysia – 100%
- **UG HEALTHCARE** – Malaysia – 100%
- **UNIGLOVES SINGAPORE** – Singapore – 100%
  - **UNIGLOVES NIGERIA** – Nigeria – 75%
  - **UGHC USA** – USA – 50%
  - **UNIGLOVES SHANGHAI** – China – 100%
  - **UNIGLOVES UK** – UK – 55%
  - **UNIGLOVES GERMANY** – Germany – 19.3%
    - **UNIGLOVES ARZT** [Note 1] – Germany – 100%
  - **UGHC Brasil** – Brazil – 50%
  - **UGHC CHENGDU** – China – 100%
  - **UGHC SUZHOU** – China – 100%
- **UGHC MARKETING** – Singapore – 100%

Note 1: Unigloves Service & Logistik has merged with Unigloves ARZT.

Financial Highlights

FOR THE FINANCIAL YEAR ENDED 30 JUNE	2022	2021	2020	2019	2018
INCOME STATEMENT (S$'000)					
Revenue	**232,598**	338,401	144,209	91,712	78,060
Gross profit	**84,386**	196,160	42,519	18,716	12,764
Profit before tax	**48,761**	159,403	18,057	2,763	5,047
Profit attributable to owners of the Company	**36,795**	118,765	13,402	2,507	4,335
BALANCE SHEET (S$'000)					
Total equity	**235,063**	194,760	54,272	43,364	41,874
Total assets	**288,039**	268,287	113,015	99,089	85,184
Net asset value [(1)]	**228,900**	190,636	52,221	42,328	41,957
Net tangible asset value	**228,424**	190,373	51,959	42,031	41,706
PER SHARE (SINGAPORE CENTS)					
Basic earnings [(2)]	**5.93**	19.42	2.28	0.43	0.75
Net asset value [(3)]	**36.69**	30.93	8.88	7.30	7.30
Net tangible asset value [(3)]	**36.62**	30.89	8.83	7.25	7.26
Dividends [(3)]	**0.640**	0.611	0.238	0.086	0.078
FINANCIAL RATIOS					
Return on equity [(4)]	**17.5%**	97.8%	28.3%	5.9%	11.0%
Return on assets [(5)]	**13.2%**	62.3%	12.6%	2.7%	5.7%
Dividend payout ratio	**10.8%**	3.1%	11.2%	20.0%	10.4%
Net gearing ratio [(6)]	**Net Cash**	Net Cash	49.2%	79.10%	49.7%

Notes:

(1) Net asset value refers to the net asset value attributable to the owners of the Company, which is shareholders' equity.

(2) Basic earnings per share was computed based on weighted average number of shares of 620.2 million for FY2022, 611.5 million for FY2021, 588.3 million for FY2020, 579.9 million for FY2019, and 574.4 million for FY2018 (adjusted for share split of 1 existing ordinary share into 3 ordinary shares on 2 October 2020 for comparative purpose).

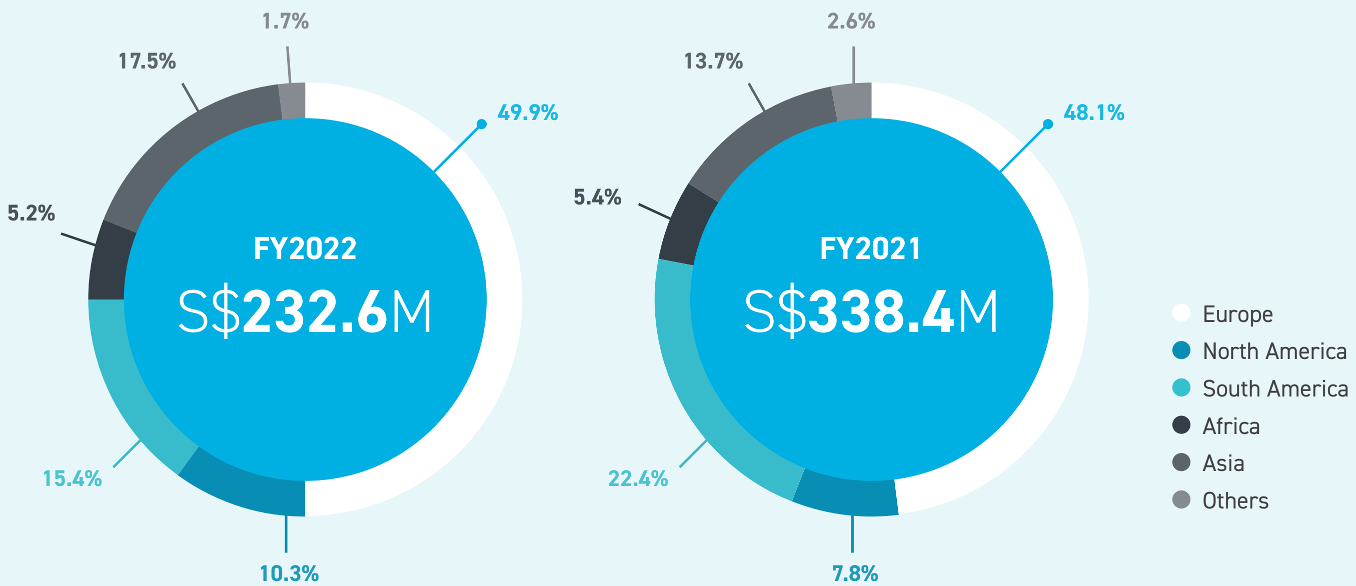
(3) Net asset value per share, net tangible asset per share and dividends per share were computed based on the share capital of 623.8 million ordinary shares for FY2022, 616.3 million ordinary shares for FY2021, 588.3 million ordinary shares for FY2020, 579.9 million ordinary shares for FY2019, and 574.4 million ordinary shares for FY2018 (adjusted for share split of 1 existing ordinary share into 3 ordinary shares on 2 October 2020 for comparative purpose).

(4) Return on equity was computed based on net profit attributable to owners of the Company as a percentage of average net asset value.

(5) Return on assets was computed based on net profit attributable to owners of the Company as a percentage of average total assets.

(6) Net gearing ratio was computed based on total bank borrowings and derivative financial instruments less cash as a percentage of shareholders' equity.

REVENUE ANALYSIS BY KEY MARKETS



Performance Review

The Group will also continue to build on its own-brand manufacturing ("**OBM**") foundation and cultivate sustainable growth with its customers through its stronger brand presence and market positioning in its key markets.

REVENUE

S$232.6 million

NET ASSET VALUE

S$228.9 million

increased from S$190.6 million as at 30 June 2021

As life moves towards normality, the surge in production capacities in the glove manufacturing industry and the resultant increase in global supply of disposable examination gloves during the financial year ended 30 June 2022 ("**FY2022**") led to rapid downward adjustments in average selling price ("**ASP**") of disposable examination gloves to pre-COVID levels. The disequilibrium in the demand and supply of disposable examination gloves reflects a reversal of how things were when the pandemic started more than two years ago.

In the financial year under review, the Group's upstream manufacturing operations in Malaysia were affected by temporary closure and the mandated 60% workforce capacity in July 2021, and general manpower shortage also further delayed the commencement of the additional production capacity of 1.2 billion pieces of gloves per annum. Consequently, production volume of disposable examination gloves for FY2022 was lower. The Group's downstream distribution operations in six key markets were also affected by the downward adjustments in ASP and customers' preference to hold lower inventory as there was lower urgency for stockpiling and uncertainties in their local business environment.

Meanwhile, the Group continued to prioritise the safety and well-being of its employees. Arrangements were made in August 2021 to have its employees inoculated with two doses of the vaccines. The Group also continued to carry out regular polymerase chain reaction testing on its employees as a precautionary measure to safeguard their health, and enforces stringent COVID-19 prevention and control measures implemented in its upstream manufacturing operations and employee dormitories.

In February 2022, the Group acquired a piece of land in Seremban, Negeri Sembilan, Malaysia for the construction of a centralised workers' accommodation. This accommodation is located within close vicinity of the manufacturing facilities and is expected to be completed by end 2023.

While the prevailing manpower shortage in Malaysia could potentially impede the Group's progress to achieve optimal utilisation rate as it ramps up the planned production capacity of 4.6 billion pieces of gloves per annum, the Group has obtained the relevant approvals to recruit foreign workers which will improve the efficiency at its upstream manufacturing operations when the new foreign workers arrive progressively later this year. Nevertheless, the Group's flexibility to collaborate with third-party manufacturers to supply the products that its upstream manufacturing operations do not produce, will continue to support its downstream distribution operations.

The Group will also continue to build on its own-brand manufacturing ("**OBM**") foundation and cultivate sustainable growth with its customers through its stronger brand presence and market positioning in its key markets.

In FY2022, the Group recorded lower revenue and gross profit on the back of rapid decline in the ASP across all product segments as a result of the increase in market supply of disposable examination gloves, and customers' preference to hold lower inventory in view of the downtrend in the ASP.

Performance Review

PRODUCT SEGMENT ANALYSIS

	REVENUE		GROSS PROFIT		GROSS MARGIN	
FYE 30 JUNE (S$'000)	**FY2022**	**FY2021**	**FY2022**	**FY2021**	**FY2022**	**FY2021**
Latex examination gloves	110,496	147,293	39,924	92,932	36.1%	63.1%
Nitrile examination gloves	115,451	176,427	43,828	99,922	38.0%	56.6%
Other ancillary products	6,651	14,681	634	3,306	9.5%	22.5%
Total	**232,598**	**338,401**	**84,386**	**196,160**	**36.3%**	**58.0%**

In the financial year under review, production volume of disposable examination gloves produced at the Group's upstream manufacturing increased gradually after its manufacturing facilities and workforce capacity fully resumed. However, sales revenue in key markets were affected as the Group continued to face delays in shipment of products and slower sales as customers preferred to hold lower inventory, resulting in a 31.3% year-on-year decline in revenue from S$338.4 million in FY2021 to S$232.6 million in FY2022.

REVENUE ANALYSIS BY KEY MARKETS

FYE 30 JUNE (S$'000)	FY2022	FY2021	VARIANCE
Europe	116,010	162,745	- 28.7%
North America	24,005	26,452	- 9.3%
South America	35,707	75,639	- 52.8%
Africa	11,998	18,207	- 34.1%
Asia	40,751	46,473	- 12.3%
Others	4,127	8,885	- 53.6%
Total	**232,598**	**338,401**	**- 31.3%**

Note: As a result of the integrated supply chain, the Group recognises sales only after the products have been sold by the distribution companies. The goods in transit and in the warehouses of its distribution companies are recorded as inventory, and can only be recognised as revenue when they are sold to end consumers.

Gross profit decreased by 57.0% year-on-year from S$196.2 million in FY2021 to S$84.4 million in FY2022. This was in tandem with lower revenue arising from lower ASP across all product segments, which was partially offset by lower raw material prices despite an increase in production volume. Correspondingly, gross profit margin declined from 58.0% in FY2021 to 36.3% in FY2022.

Other income decreased by 42.8% year-on-year from S$1.3 million in FY2021 to S$0.7 million in FY2022 as a foreign exchange loss was recognised in FY2022. Other expenses increased from S$0.6 million in FY2021 to S$2.4 million in FY2022 mainly due to foreign exchange loss arising from the volatility of the functional currencies of the Group's distribution subsidiaries, namely the Brazilian Real, the Renminbi and the British Pound against the US Dollar.

Total operating expenses comprising marketing and distribution expenses and administrative expenses decreased by 17.7% year-on-year from S$40.4 million in FY2021 to S$33.2 million in FY2022. The reduction stemmed from the decrease in administrative expenses as (i) groupwide staff bonuses and commission were reduced in tandem with the decline in revenue and profit, and (ii) additional costs and service charges relating to the implementation of strict precautionary measures against COVID-19 infection had declined.

Finance costs increased by 33.3% year-on-year from S$0.6 million in FY2021 to S$0.8 million in FY2022, due to the increase in long-term borrowings for the construction of the new factory and production lines for the additional capacity of 1.2 billion pieces of gloves per annum, as well as an increase in interest rate.

Performance Review

Share of profits from associates saw a significant decline by 97.2% year-on-year from S$3.6 million in FY2021 to S$0.1 million in FY2022 due to lower profits reported by its associates in Germany and the USA, as a result of the decrease in the ASP of gloves. After taking into account tax expenses and minority interests, the Group's net profit attributable to shareholders declined from S$118.8 million in FY2021 to S$36.8 million in FY2022.

FINANCIAL POSITION

The Group strengthened its balance sheet in FY2022 with net asset value increasing from S$190.6 million as at 30 June 2021 to S$228.9 million as at 30 June 2022. Correspondingly, net asset value per share increased from S$0.3093 as at 30 June 2021 to S$0.3669 as at 30 June 2022. The Group also maintains a strong net cash position[1] of approximately S$83.8 million as at 30 June 2022.

Non-current assets increased by 11.9% or approximately S$7.9 million from S$66.8 million as at 30 June 2021 to S$74.7 million as at 30 June 2022. This was mainly due to the increase in acquisition of property, plant and equipment ("**PPE**") amounting to S$17.0 million for the construction of the new manufacturing facility and new production lines, partially offset by a decrease in deferred tax asset of S$8.0 million and a decrease in associates of S$1.2 million.

Current assets increased by 5.9% or approximately S$11.8 million from S$201.5 million as at 30 June 2021 to S$213.3 million as at 30 June 2022. This was mainly due to:

a) the increase in cash and bank balances of S$31.8 million, up from S$68.4 million as at 30 June 2021 to S$100.2 million as at 30 June 2022,

b) the recognition of income tax assets amounting to S$10.3 million as at 30 June 2022, compared with income tax liabilities recognised in the previous year,

and partially offset by:

c) the decrease in inventories of S$10.6 million, from S$72.4 million as at 30 June 2021 to S$61.8 million as at 30 June 2022, and

d) the decrease in trade and other receivables of S$19.7 million, from S$60.6 million as at 30 June 2021 to S$40.9 million as at 30 June 2022.

The Group's non-current liabilities increased by 49.1% or approximately S$5.2 million from S$10.6 million as at 30 June 2021 to S$15.8 million as at 30 June 2022. This was due to the increase in non-current borrowings of S$5.0 million which was mainly for the construction of the new factory and new production lines.

Current liabilities decreased by 41.0% or approximately S$25.8 million from S$63.0 million as at 30 June 2021 to S$37.2 million as at 30 June 2022. This was mainly due to:

(a) the decrease in income tax liabilities of S$11.6 million following the payment of tax payable,

(b) the decrease in trade and other payables of S$10.3 million, from S$34.8 million as at 30 June 2021 to S$24.5 million as at 30 June 2022 as there was a decrease in the average prices of raw materials, and

(c) the decrease in borrowings by S$3.7 million from S$9.9 million as at 30 June 2021 to S$6.2 million as at 30 June 2022, with the repayment of borrowings from trade facilities.

CASH FLOW

The Group's net cash generated from operations amounted to approximately S$54.0 million in FY2022. This comprised positive operating cash flows before changes in working capital of S$57.6 million, adjusted by net working capital inflows of S$19.7 million. The net working capital inflow was mainly due to the decrease in inventories of S$10.6 million and trade and other receivables of S$19.3 million, as well as income tax paid of S$22.6 million and a decrease in trade and other payables of S$10.2 million.

Net cash used in investing activities amounted to S$21.2 million in FY2022. This was mainly due to the purchases of property, plant and equipment for the construction of the new manufacturing facility and new production lines, and was partially offset by cash inflows from dividends received from associates and interest received.

Net cash used in financing activities amounted to S$1.0 million in FY2022. This was due to the payment of dividends and the repayment of lease liabilities.

Note:

1 Net cash was computed based on cash and bank balances including fixed deposits less total bank borrowings.

Board of Directors

MR. YIP WAH PUNG
Non-Executive Chairman and Independent Director

Mr. Yip Wah Pung is the Non-Executive Chairman and Independent Director of the Company, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He was appointed to the Board on 20 November 2014 and was last re-elected on 24 October 2019.

Mr. Yip has over 40 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. LEE KECK KEONG
Executive Director and Chief Executive Officer

Mr. Lee Keck Keong is the Executive Director and Chief Executive Officer of the Company. He is a member of the Nominating Committee. He was appointed to the Board on 20 November 2014 and was last re-elected on 24 October 2019.

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 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 and Finance Director

Mr. Lee Jun Yih is the Executive Director and Finance Director of the Company. He was appointed to the Board on 10 November 2014 and was last re-elected on 30 October 2020.

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. He is also responsible for the oversight and control of the Group's overall accounting and finance function, including monitoring and coordinating the Group's financial accounts, consolidation and financial reporting.

Mr. Lee joined the Group in July 2011 and currently serves as a director to the boards of the Company's subsidiaries and associated companies.

Mr. Lee graduated from Pembroke College, University of Cambridge with a Bachelor of Arts (Law) in June 2004. He 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. LEE JUN LINN
Executive Director and Chief Operating Officer

Mr. Lee Jun Linn is the Executive Director and Chief Operating Officer of the Company. He was appointed to the Board on 20 November 2014 and was last re-elected on 29 October 2021.

He is responsible for directing and management of the Group's sales, marketing and distribution platforms, and focuses on formulating the Group's marketing strategies and broadening its distribution network.

Started 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 and a director of Unigloves (UK) Limited in April 2015.

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. WONG SEE KEONG
Executive Director

Mr. Wong See Keong is the Executive Director of the Company. He was appointed to the Board on 20 November 2014 and was last re-elected on 29 October 2021.

He is responsible for oversight and management of the Group's manufacturing, operations and administrative departments.

Mr. Wong has been with the Group for more than 30 years and played a crucial role in its expansion of manufacturing capacity and development of new products over the years. He started his career with the Group in November 1988 as a technologist and rose through ranks to become 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. 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 and was last re-elected on 30 October 2020.

Mr. Ng is currently 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 included multinational 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.

Mr. Ng is currently an independent director of Sanli Environmental Limited listed on the SGX-ST.

Board of Directors

MR. VINCENT LEOW
Independent Director

Mr. Vincent Leow is the Independent Director of the Company, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. He was appointed to the Board on 29 February 2020 and was re-elected on 30 October 2020.

Mr. Leow is currently a partner at Allen & Gledhill LLP, where he handles dispute resolution, investigations, and financial regulatory and compliance work.

Mr. Leow graduated from the National University of Singapore with a Bachelor of Laws (Honours) and was admitted to act as an advocate and solicitor of the Singapore Supreme Court. He also obtained a Master of Laws from Harvard Law School.

Mr. Leow is currently a director of Heartware Network, and he sits on the Board of Governors of Hometeam NS.

Key Management

MS. WONG PEK WEE
Head of Manufacturing

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

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

Sustainability Report

BOARD STATEMENT

The Board of Directors (the "**Board**") of UG Healthcare Corporation Limited ("**UG Healthcare**" or the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to present the annual sustainability report for the financial period ended 30 June 2022 ("**FY2022**").

The COVID-19 pandemic continued to take toll on economies globally with resurgence of variants and sub-variants, disrupting supply chains and human resource mobility amongst others. The situation was aggravated by geopolitical uncertainties, in particular, the Russia-Ukraine war which led to rising inflationary pressures. As the pandemic eases towards an endemic phase, the average selling price of disposable examination gloves adjusted to pre-COVID levels as aggressive expansion of production capacities led to the significant increase in global supply. The Group remains steadfast in our commitment to our stakeholders in delivering sustainable growth as markets seek new equilibrium in the demand and supply of disposable examination gloves.

We believe the Group's ethos and conscientious effort in conducting our business activities responsibly earned us the trust and loyalty of our stakeholders, particularly our customers, employees, and business partners. The trust placed in us, which reinforced our own brand manufacturing ("**OBM**") business model that is built on our integrated upstream manufacturing and downstream distribution operations, together with our proprietary **UNI**GLOVES® brand, has proven its resilience during trying times. We remain committed to making good progress in our economic, environmental, social and governance ("**EESG**") material factors as we continue to grow prudently and sustainably, strengthening our foothold in the healthcare related sector and at the same time, enhancing values for our stakeholders.

The Board and management of UG Healthcare are mindful of the evolving business environment, and we consistently oversee and monitor the EESG material factors of the Group and take them into consideration in the determination of the Group's strategic direction and policies. Going forward, we will also explore the impact of climate-related risks and opportunities with the EESG material factors to stay relevant and current for the business.

The Board maintains oversight over the Sustainability Committee and monitor the Group's sustainability practices with the Sustainability Committee, which is chaired by the Group's Chief Executive Officer. We look to improving our disclosures as well as progressively updating our targets that are material to the sustainability of our business as we continue to pave way for our growth journey.

This sustainability report highlights our key EESG performance in FY2022, where our focus will be on the Group's upstream manufacturing operations located in Seremban, Negeri Sembilan, Malaysia. As our Singapore operations is primarily involved in the corporate reporting of the listed company and acts as the sales, marketing and distribution hub for the downstream distribution operations, the performance data from our Singapore and global downstream distribution operations managed locally in the six key markets have not been included as part of this report. Nevertheless, the Group remains committed to upholding our integrity and business ethics globally as our downstream distribution operations are conducted in accordance with the rules and regulations of the respective countries.

The Group continues to conform to various international standards and requirements for our **UNI**GLOVES® brand of products and our upstream manufacturing is certified by the British Standards Institution ("**BSI**") for ISO 9001:2015, ISO13485:2016, and EN ISO 13485:2016 for the scope of manufacture and supply of natural latex and nitrile examination gloves. We are also registered with the Supplier Ethical Data Exchange, a not-for-profit membership organisation that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains, and our manufacturing facilities are audited under Sedex Members Ethical Trade Audit ("**SMETA**") annually. We value the trust and loyalty of our stakeholders, and remain committed to assure and support them with our consistent quality and reliability of our products and services to achieve sustainable growth together.

Sustainability Report

This sustainability report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards and in compliance with Rules 711A, 711B and Practice Note7F of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") as well as the SGX-ST's Sustainability Reporting Guide. We have chosen the GRI framework as it is a well-known and globally-recognised sustainability reporting standard.

This sustainability report is currently not externally assured, but we consider external assurance as the report matures over time.

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us through our investor relations email at ir@ughcc.com.

YIP WAH PUNG
Non-Executive Chairman and Independent Director

LEE KECK KEONG
Chief Executive Officer and Executive Director

Sustainability Report

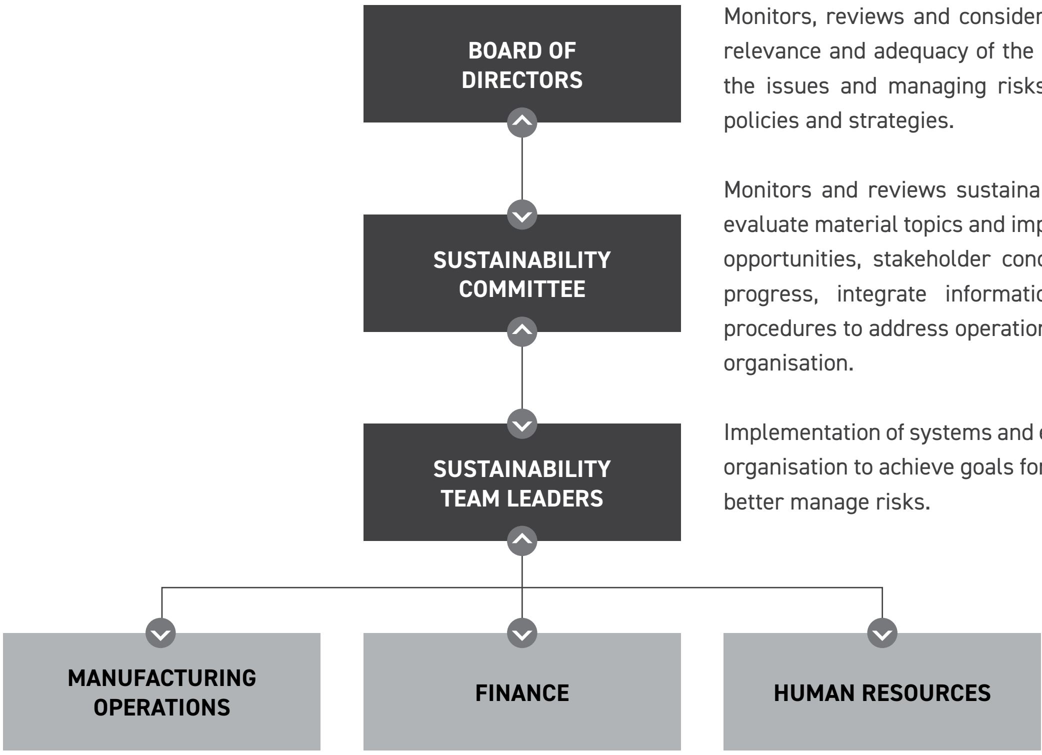
SUSTAINABILITY GOVERNANCE

At UG Healthcare, our sustainability focus is to make a positive difference and progress together with our prioritised stakeholders – customers, employees, business partners, and the communities where we operate. We believe our sustainability approach that embraces the EESG aspects including labour practices and societal responsibilities is a holistic approach of inclusivity, which forms the cornerstone of our organisation culture.

The Board and management through this sustainability approach cultivates sustainable values throughout the organisation and pass them on to our external stakeholders. We believe that managing the EESG impacts from within will manage the risks and opportunities present in our business, and correspondingly, generate stable and sustainable value for our stakeholders.

The Group has in place a Sustainability Committee ("**SC**"), comprising key management executives and supported by representatives from various departments, and chaired by the Chief Executive Officer. This SC reports to the Board during board meetings, where the Board will review and deliberate on the sustainability issues. The SC is responsible for reviewing the company's sustainability performance, material topics, stakeholder concerns, setting of targets and goals for material topics, and establishing systems to collect, verify, monitor and report information required for this sustainability report. The SC meets at least once a year to discuss, propose, coordinate, and promote the Group's sustainability practices.

In the year under review, the Group continued to practise stringent COVID-19 prevention and control measures in our upstream manufacturing operations and employee dormitories, and arranged for our employees to be inoculated with two doses of vaccines. We remain committed to ensuring that the health, safety and well-being of our employees are not compromised as we fulfil our commitments to other key stakeholders.



Monitors, reviews and considers sustainability issues, and the relevance and adequacy of the Group's practices in addressing the issues and managing risks, as well as approves general policies and strategies.

Monitors and reviews sustainability performance, identify and evaluate material topics and impact on climate-related risks and opportunities, stakeholder concerns, sets targets to motivate progress, integrate information to formulate policies and procedures to address operational gaps in the organisation.

Implementation of systems and enforce practices throughout the organisation to achieve goals for the identified material topics to better manage risks.

The Board maintains oversight over the SC, reviews and considers sustainability issues and practices as part the formulation of our strategies and policies to better manage sustainability risks and opportunities while ensuring all EESG and climate-related matters significant to our business are addressed.

Sustainability Report

STAKEHOLDER ENGAGEMENT

This sustainability report provides us with a valuable opportunity to engage our stakeholders and respond to issues that matter most to them and to our business, while at the same time, enhances the Group's assessment in risk management, strategy development, and stakeholder engagement activities as we work to further focus and prioritise our sustainability and corporate social responsibility initiatives.

In the year under review, the Group continued to improve our engagement with both internal and external stakeholders to align our vision and sustainable growth strategies and practices through various online communication platforms where physical meetings were limited. We remain committed to build mutually beneficial relationships with our stakeholders through efficient communication and achieve aligned goals for the long term.

We are committed to understand the concerns of our key stakeholders and seek to address them adequately, and align our key stakeholders to participate with the Group's sustainable and steadfast growth journey. In FY2022, we continued to engage our key stakeholders through multiple established channels to evaluate the relevance of the material topics that are of significance to our business and our stakeholders.

Our engagements with our key stakeholders are summarised below:

STAKEHOLDERS	AREAS OF CONCERN	OUR ENGAGEMENT APPROACH	OUR ACTIONS
INTERNAL			
Board of Directors	• Effectiveness of internal policies and systems • Compliance	• Board meetings • Regular updates via electronic means (emails, phone calls, virtual meetings)	• Regular updates on corporate activities, developments, and financial performance • Seek advice and approvals from the Board on all material proposed developments
Employees	• Career growth • Training opportunities • Competitive salaries and incentives • Pleasant and safe working environment	• Regular internal communications through staff meetings and electronic communications (emails, phone calls, internal notices, virtual meetings) • Training and development programmes • Performance appraisal • Employee feedback/survey	• Ensure effective implementation of human resources policies, internal systems and procedures • Regular internal meetings to review safety and healthy work environment • Sponsor employees to attend courses and conferences • Annual review on performance • Continue to maintain regular Covid-19 testing, disinfecting and deep sanitization of office and manufacturing facilities, and implemented stringent safe management measures.

Sustainability Report

STAKEHOLDERS	AREAS OF CONCERN	OUR ENGAGEMENT APPROACH	OUR ACTIONS
EXTERNAL			
Government & Regulators	• Governance • Compliance • Occupational health & safety • Environmental issues	• Meetings • Electronic communications • Announcements on SGXNet	• Ensure compliance with applicable laws and regulations • Correspondence with relevant authorities as and when necessary • Consistent update on relevant laws and regulations through seminars and training
Customers / Distributors	• Quality control • Reliability, on-time delivery, and services • Technical support • Reasonable payment terms • Competitive pricing	• Regular customer feedback management (survey, face-to-face meetings) • Regular follow-up and support services (calls, face-to-face meetings) • Trade fair (trade show, exhibition) • Electronic communications (emails, phone calls, virtual meetings)	• ISO 9001 and ISO 13485 certification to assure a consistent level of quality in products and services • SMETA audit to assure products are produced ethically • Active follow-up on customers' needs and product applications • Regular internal meetings to review customers' fulfilment and new requirements • Update customers on new products • Provide timely responses to customers • Ensure all relevant requirements and standards are met for all products manufactured and sold
Suppliers / Business Partners	• Timely payment and adherence to agreed terms • Long-term working relationship	• Regular interactions and updates with suppliers • Electronic communications (emails, phone calls, virtual meetings)	• Regular review and feedback on the quality and evolving requirements • Ensure compliance with standards, relevant laws and regulations, as well as good corporate practices • Perform periodic evaluation
Shareholders & Investment Community	• Financial performance • Profitability • Market presence • Sustainability • Good corporate governance	• Announcements on SGXNet • Shareholders' general meetings • Analysts' meetings (face-to-face meetings, virtual meetings, conference calls) • Electronic communications (emails, virtual meetings) • Annual report • Company website	• Ensure all public disclosures on corporate results and developments are disclosed accurately and timely via official announcements as and when required • Half-yearly meetings with analysts and investment community to update on corporate developments • Ensure sustainable business growth

Sustainability Report

MATERIALITY ASSESSMENT

The Group carried out an internal review on the relevance of the material topics for FY2022. We explored the criteria of material analysis based on industry standards, and reviewed peer benchmarking based on companies with similar operations and management awareness. The selection of the material topics and its level of importance were based on discussion with both internal and external stakeholders, as well as the sustainability team leaders and their influence on stakeholders and impact on our business risks and opportunities in FY2022. These material topics were also presented to the Board for review and approval before their inclusion in this sustainability report.

Whilst the Group continues to overcome challenges from the impact of the COVID-19 pandemic, we expanded coverage on the material topics to include resource efficiency, which covers our energy usage, greenhouse gas emissions and water consumption at our upstream manufacturing operations. Correspondingly, data has been collected according to our material topics to facilitate analysis of our performance to set targets for the respective material topics for the financial year ending 30 June 2023 ("**FY2023**").

The chart below summarises our materiality assessment process and the relevant GRI Standards which we have referenced in this sustainability report. We will continue to improve our interactions with our stakeholder groups related to the material topics identified as countries move towards an endemic phase, as well as the impact of climate-related risks and opportunities on our business.

The following GRI Standards have been referenced in this Report – GRI 201 Economic Performance 2016, GRI 204 Procurement Practices 2016, GRI 205 Anti-Corruption 2016, GRI 307 Environmental Compliance 2016, GRI 401 Employment, GRI 403 Occupational Health and Safety 2018, GRI 405 Diversity and Equal Opportunity 2016, and GRI 419 Socioeconomic Compliance 2016. The specific disclosures for each GRI Standard reported under the various material topic have also been included in the chart below.

REVIEW MATERIAL TOPICS

Review & Analysis

- Review the relevance of material topics
- Collect data according to the identified material factors for review and analysis

EVALUATE & PRIORITISE MATERIAL TOPICS

Materiality Assessment

- Evaluate material factors that are of priority to the sustainability of our business

VALIDATE MATERIAL TOPICS

Report to the Board and Obtain approval

- Report to the Board on sustainability performance, update on material topics, and seek approval

KEY MATERIAL TOPICS

Economic

GRI 201
✓ Economic Performance

GRI 416-2
✓ Customer Management

GRI 204-1
✓ Suppliers and Business Partners

GRI 205-3
✓ Anti-Corruption

Environmental

GRI 307-1
✓ Environmental Compliance

GRI 302-1, 303-5, 305-1, 305-2
✓ Resource Efficiency

GRI 306-2
✓ Waste

Social

GRI 401-1, 405-1
✓ Employment, Diversity and Equal Opportunity

GRI 403-9
✓ Occupational Health and Safety

Governance

GRI 419-1
✓ Socioeconomic Compliance
✓ Corporate Governance
✓ Data Privacy

Sustainability Report

MATERIAL TOPIC: ECONOMIC

Economic Performance

GRI 201

The Group braced ourselves to overcome challenges as the COVID-19 pandemic continued its disruptions with new variants and subvariants in the year under review. Whilst we were met with temporary closure of our production facility in early FY2022, shortage in manpower and delays in the construction of our third manufacturing facility that resulted in lower production volume, we had also managed the surge in production capacities in the glove manufacturing industry that intensified competition at the upstream manufacturing. The disequilibrium in global demand and supply led to rapid downward adjustment of average selling price ("**ASP**") of disposable examination gloves to pre-COVID levels, resulted in lower revenue and gross margin, a reversal from how it was a year ago.

Nevertheless, the Group's own brand manufacturing ("**OBM**") business model moderated the impact due to the ASP fluctuations, and we recorded a net profit attributable to shareholders of S$36.8 million on the back of a revenue of S$232.6 million in FY2022.

Please refer to the following sections in the annual report for more details on our operations and financial information:

- Business Operations on page 4 to 8
- Financial Highlights on page 10
- Performance Review on page 11 to 13
- Financial Statements on page 72 to 134

We remain committed to bringing our Group to a new level of growth by establishing new growth areas beyond our three manufacturing facilities with a total installed production capacity of 4.6 billion pieces of disposable gloves per annum by end of 2022. While we focus on improving the efficiency level of our production capacities as manpower increases progressively in FY2023, we will also be cultivating demand for our new range of reusable gloves with users in the heavy industries that was launched in October 2021, as well as seeking opportunities beyond non-glove healthcare related businesses to broaden the Group's portfolio and earnings base.

As we emerge from the pandemic with a stronger brand presence and market position in our key markets, as well as a stronger financial position, we will continue to strengthen our OBM foundation through strengthening our proprietary **UNI**GLOVES® brand position and expanding our market presence while we pursue diversification to broaden our portfolio beyond disposable examination gloves to achieve sustainable financial performance for the long term.

Performance in FY2022

- Did not achieve better financial performance due to rapid decline in ASP and an increase in global supply of disposable gloves.
- Total installed production capacity of 4.6 billion pieces of gloves per annum was delayed as the additional production capacity of 1.2 billion pieces of gloves per annum was met with manpower shortage. Nonetheless, the Group has since obtained relevant approval to recruit foreign workers and the new manufacturing facility is expected to commission progressively late 2022.
- OBM business model moderated the impact against ASP fluctuations.
- Recorded no incident of non-compliance with management controls and procedures.

Targets for FY2023

- To maintain financial performance compared to pre-Covid levels through better economies of scale with higher volume of gloves produced and sold, and growing market share.
- To strengthen OBM foundation through strengthening proprietary **UNI**GLOVES® brand position and extending market presence.
- Continue to maintain no incident of non-compliance with management controls and procedures.

Sustainability Report

Customer Management

GRI 416-2

It is the Group's culture to nurture long term business relationships with our customers and our integrated OBM business allows the Group to manage our supply chain efficiently, ensuring our customers on the quality and reliability of our **UNI**GLOVES® branded products.

We value the trust and brand loyalty of our customers in our **UNI**GLOVES® branded products, and we remain committed to uphold our best practices and standards to address the evolving requirements of our end users across diverse industries and develop suitable hand protection solutions, healthcare related products, and ancillary products for their applications in their professions, keeping them safe.

The direct interaction with our customers through our downstream distribution operations gives the Group a competitive advantage in responding to their needs with the support of our upstream manufacturing operations.

Our upstream manufacturing is certified by the British Standards Institution ("**BSI**") for ISO 9001:2015, ISO 13485:2016 and EN ISO 13485:2016 for the scope of manufacture and supply of natural latex and nitrile latex examination gloves. The Group is registered with the Supplier Ethical Data Exchange, a not-for-profit membership organisation that leads work with buyers and suppliers to deliver improvements in responsible and ethical business practices in global supply chains, and our manufacturing facilities are audited annually under SMETA.

Our proprietary brand of products continues to conform to various international standards and requirements. Please refer to the Business Operations section found on page 4 to 8 for more details on the accreditations of our products.

The Group has recorded no incident of non-compliance with the relevant laws and regulations on customers' health and safety in FY2022.

Performance in FY2022

- Achieved target set in FY2022.
- Our products continue to comply with all international safety and quality standards.
- Strong brand presence in key developing markets of Brazil, China, and Nigeria.
- Recorded no incident of non-compliance with relevant laws and regulations on health and safety impacts of products and services.

Targets for FY2023

- Continue to ensure that our products are of high safety and quality standards.
- Continue to cultivate demand for proprietary **UNI**GLOVES® branded products through continuous distribution network expansion and strengthen brand positioning in existing and new markets.
- Continue to maintain no incident of non-compliance with the relevant laws and regulations on health and safety impacts of products and services.

Suppliers and Business Partners

GRI 204-1

We are committed to maintaining mutually beneficial partnerships with the local suppliers for our upstream manufacturing operations, whenever possible.

We believe that sourcing of raw materials from local suppliers not only supports the local economy and sustainability of the businesses, but also enhances cost efficiency and ensure a consistent supply of raw materials for our manufacturing operations.

Of the total raw materials purchased in FY2022, we continued to purchase 100% of packaging materials and increased our purchase of chemicals from 95% in FY2021 to 99% in FY2022, from local suppliers for our manufacturing operations. In FY2022, our manufacturing operations did not encounter any disruption in the supply of raw materials as we continued to be well supported by our long-term suppliers.

Performance in FY2022

- Achieved target set for FY2022.
- Purchased 100% of packaging materials and 99% of chemicals from local suppliers.
- No disruption on raw materials supply amid the pandemic situation.

Targets for FY2023

- To maintain similar percentage as FY2022.
- To maintain strong business relationships with our suppliers.

Sustainability Report

Anti-corruption

GRI 205-3

The Group remains committed to conducting our business with integrity and transparency with no compromise on corruption and bribery. We have zero-tolerance for fraudulent and corrupt practices that may disrupt business operations and impede the growth of our business.

In FY2022, we have developed Corruption Prevention Policy and Framework ("**CPPF**") and provided Anti-Corruption and Anti-Bribery Guidelines to our employees on taking reasonable actions and steps to ensure the Group does not engage in bribery activities.

We have also implemented several policies including the Conduct and Discipline Policy, the Conflict-of-Interest Policy, and the Whistle-Blowing Policy, as pre-emptive measures to prevent, govern, and facilitate the reporting of any illegal and/or unethical practices in the organisation.

The Group recorded no incident of non-compliance with the relevant laws and regulations in FY2022. There was also no non-compliance relating to bribery, extortion, fraud, and money laundering in the year under the review.

Performance in FY2022

- Achieved the target set for FY2022.
- Recorded no incident of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud, and money laundering.

Targets for FY2023

- Continue to maintain no incident of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud, and money laundering.

MATERIAL TOPIC: ENVIRONMENTAL

Environmental Compliance

GRI 307-1

The Group owns and operates three manufacturing facilities in Seremban, Negeri Sembilan, Malaysia that manufactures both natural latex and nitrile examination gloves. All three manufacturing facilities are strategically located within close proximity, with the third manufacturing facility to be commissioned later this year as manpower will be increased progressively.

While we continue to grow our business, we recognise the role that we play in the management of our operations and their impact on the environment. We are committed to govern and minimise our environmental footprint in an effort to contribute to climate change cause.

The Group has developed and implemented internal policies and practices to enforce and comply with national environmental regulations. These policies are targeted towards environmental protection, reducing carbon emissions, preventing pollution, and minimising waste in our daily operations. We have also complied with the necessary local regulations and obtained relevant licences and permits for the operation of our manufacturing facilities.

As part of our environmental conservation effort, we have also implemented energy savings and recycling programmes to minimise waste in our daily operations. The disposal of wastes, rejected finished goods, defective raw materials, and machinery and equipment, were conducted in accordance with the local laws and regulations. We have engaged third-party service providers to manage all proper disposal of our waste materials.

In FY2022, the Group continues to record no incidence of non-compliance with the relevant environmental laws and regulations in Malaysia where our manufacturing operations are located.

We are committed to ensure that all our manufacturing entities continue to comply with all the relevant rules and regulations relating to environmental protection.

Performance in FY2022

- Achieved no incident of non-compliance with the relevant laws and regulations relating to environmental protection, which could result in internal disciplinary action, penalty or public allegation.
- Developed and implemented internal policies and practices to enforce and comply with the national environmental regulations.

Targets for FY2023

- To monitor the effectiveness of the internal policies and practices on environmental protection.
- Maintain no incident of non-compliance with the relevant laws and regulations on environmental protection.

Sustainability Report

Resource Efficiency

GRI 302-1, GRI 303-5, GRI 305-1, 305-2

We have started to monitor and measure our environmental footprint from our energy and water consumption in FY2022. As we are planning to commission our third manufacturing facility with an additional production capacity of 1.2 billion pieces of gloves per annum in late 2022 with progressive increase in manpower, we aim to improve the quality and consistency of our data to deliver savings through resource efficiency over time.

The energy our upstream manufacturing facilities consumed comprises electricity and natural gas. Natural gas usage is purely for production lines to support functions such as drying processes, heating chemicals and water for gloves manufacturing purpose, while electricity is used for lighting, cooling, and operation of equipment. Water consumed is primarily for production lines in the manufacturing facilities.

Our total energy consumed for the Group's manufacturing facilities in FY2022 was 1,203,924 gigajoules ("**GJ**") comprising 78,082 GJ or an average 8.11 kWh per 1,000 pieces of gloves produced on electricity usage, and approximately 1,125,842 GJ or an average of 116.94 kWh per 1,000 pieces of gloves produced on natural gas usage. The energy consumed was for the two existing manufacturing facilities. The Group's overall greenhouse gas ("**GHG**") emissions were 78,007 tonnes CO_2e ("**tCO_2e**").

The total volume of water consumed in FY2022 for the Group's upstream manufacturing facilities was 1,804.767 megaliters. All the water consumed was provided by the local municipal water supply.

As this is our first year of data collection and reporting, we shall continue to monitor our performance so as to be able to set targets once we have a better understanding of our baseline.

Performance in FY2022

- Recorded an energy consumption of 78,082 GJ of electricity and 1,125,842 GJ of natural gas in FY2022.
- Overall GHG emissions were 78,007 tCO_2e in FY2022.
- Total volume of water consumed was 1,804.767 megaliters.

Targets for FY2023

- To monitor our overall performance when our third manufacturing facility is commissioned progressively in late 2022.

Energy consumed from non-renewable sources in FY2022

GRI 302-1

Energy Source	Consumption
Fuel (natural gas)	1,125,842 GJ
Electricity	78,082 GJ
Total	**1,203,924 GJ**

Direct (Scope 1) and Energy Indirect (Scope 2) GHG Emissions

GRI 305-1, GRI 305-2

Scope 1	63,745 tCO_2e
Scope 2	14,532 tCO_2e
Total	**78,007 tCO_2e**

Note: Grid emission factor for Malaysia is sourced from Institute for Global Environmental Strategies (2022). List of Grid Emission Factors, version 10.12. Conversion factors are sourced from DEFRA (2021)

Sustainability Report

Waste

GRI 306-2

We have also started to monitor and measure our waste materials from our manufacturing facilities where most of the waste materials that we manage arise from the manufacturing of natural latex and nitrile examination disposable gloves.

The Group is committed to the preservation and protection of the environment and has met all applicable environmental requirements and standards. We have industrial effluent treatment plants within our manufacturing facilities to treat effluent before discharging the wastewater into the environment. Our treatment plants are in compliant with the Department of Environment in Malaysia.

In FY2022, our manufacturing facilities discharged 1,522,842m^3 or average 0.57m^3 per 1,000 gloves of wastewater, and disposed 1,165 metric tons or average 0.44 kilograms per 1,000 gloves of scheduled waste, which includes latex lump, rubber sludge, laboratory waste, used oil, rags and ink, and empty containers. The scheduled waste will be sent to prescribed premises for recovery and disposal by approved licensed collector.

As this is our first year of data collection and reporting, we shall continue to monitor our performance when we commissioned our third manufacturing facility in late 2022 and subsequently, to be able to set targets once we have a better understanding of our baseline.

Performance in FY2022

- Recorded 1,522,842m^3 of wastewater and disposed 1,165 metric tons of scheduled waste in FY2022.

Targets for FY2023

- To monitor on our overall performance when the third manufacturing facility is commissioned progressively in late 2022.

MATERIAL TOPIC: SOCIAL

Employment, Diversity and Equal Opportunity

GRI 401-1, GRI 405-1

At UG Healthcare, we are committed to fair employment practices and maintaining a working environment where our employees are respected and empowered to perform at their best. We believe the continual growth of our business and maintaining success over the long term is integrated with the health, career growth, and well-being of our employees.

We value our employees as fellow colleagues with an aligned vision of doing well together in our roles and responsibilities. At UG Healthcare, we prohibit any form of forced labour, human trafficking, and modern slavery in our Group. The Group does not discriminate our employees or new hires based on race, age, gender, religion, marital status, ethnicity, physical impairments, sexual preference, political viewpoints, or nationality. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment of merit, equal opportunity, and non-discrimination.

Whilst the Group has in place our staff handbook and human resources manual that adhere to the legislation and guidelines in the country of operations, we also conduct engagement sessions twice weekly, particularly for our foreign employees, through our HR Helpdesk programme to assist them when any issues arise. Discretionary incentives are granted to eligible employees based on their performance and contributions to the Group. Annual reviews with clear career progression path are also carried out with our employees, where trainings will be arranged to pave way for the progression to assume the required responsibilities. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the industry. This helps the Group in recruitment and retention of talent.

Performance in FY2022

- Did not achieve the target on increasing the number of employees due to restrictions on recruitment and travelling amid the COVID-19 pandemic.
- Recorded no incident of non-compliance with the relevant laws and regulations related to fair employment practices which is in line with the target set for FY2022.
- Maintained approximately 97% of our workforce to be below 50 years old of age.
- Achieved improvement in diversity in gender at approximately 83.8% of our workforce are male due to the nature of work.
- Completed 4-pillar SMETA audit with additional two pillars on Business Ethics and Environment, an expanded scope from 2-pillar SMETA audit on Labour Standards and Health & Safety.

Sustainability Report

We placed emphasis on communicating and educating our foreign employees regularly to help them settle down, and encouraged appointment of employee representatives via nomination and election process to ensure welfare of all nationalities are taken care of. Various communication channels are also put in place for our employees to raise their issues and grievances to the management. These include suggestion boxes that are located at various points in the premises, online submission through the Employee Self Service ("**ESS**") system or direct contact with any human resources personnel either in person or via phone calls.

In FY2022, the Group has acquired a piece of leasehold land in close vicinity to our manufacturing facilities to construct a centralised workers' accommodation with communal recreational amenities. We look forward to improving the living conditions and work-life balance of our foreign employees, who are currently staying in various rented hostels.

In FY2022, approximately 99.1% of our employees are full-time employees, which was slightly lower than 99.6% in FY2021 due to an increase in temporary employees. All our employees are paid fair wages and are given the option to decide if they wish to work overtime in accordance with the local employment law in Malaysia.

The Group continues to face tight manpower supply even though we did not terminate any employee amid the COVID-19 pandemic. The reopening of borders of Malaysia, while allowing companies to recruit foreign workers, also allows foreign workers to return to their hometowns after more than two years of limited travelling. As we continue to pave way for our growth, we stepped up efforts to attract local community to join us. While our headcount decreased by 3.8% from 1,118 employees in FY2021 to 1,076 employees in FY2022, we have maintained our hiring rate at 33.2% in FY2022 as compared with 33.4% in FY2021. Our local headcount has also increased by 19.3% to constitute 34% of our total workforce in FY2022, up from 27% in FY2021.

Due to the nature of the job, the diversity by gender industry-wide is male dominated. Nevertheless, we made progress in FY2022 as approximately 83.8% of our employees comprises of males, a decline from 86.5% in FY2021 and 16.2% are females, compared to 13.5% in FY2021. We continue to maintain a relatively young workforce as approximately 96.6% of our total employees are below the age group of 50 years old. No employees were laid off during the period under review.

We have also conducted annual SMETA audits for our upstream manufacturing operations. In FY2022, we completed the 4-pillar SMETA audit which covers two additional pillars – Business Ethics and Environment, against the 2-pillar SMETA audit which covers Labour Standards and Health & Safety completed in FY2021.

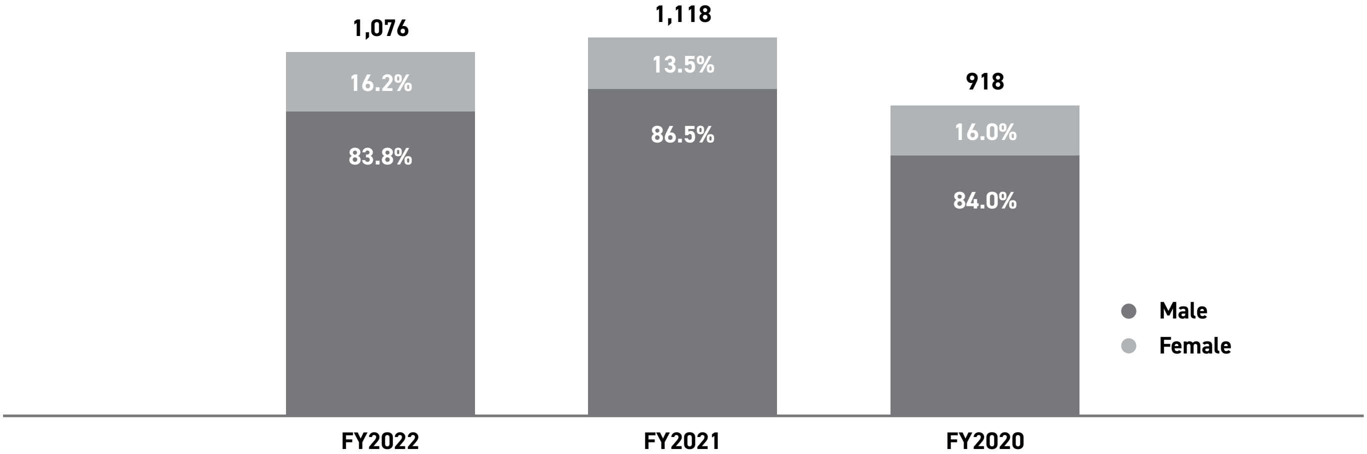
Targets for FY2023

- Continue to maintain no incident of non-compliance with the relevant laws and regulations in fair employment practices.
- Continue to monitor and review the recruitment procedure and systems to ensure fair and non-discrimination in hiring.
- To conduct annual SMETA audits against 4-pillars.
- Continue to improve the diversity of our workforce in terms of gender diversity.
- To commence construction of the centralised workers accommodation.

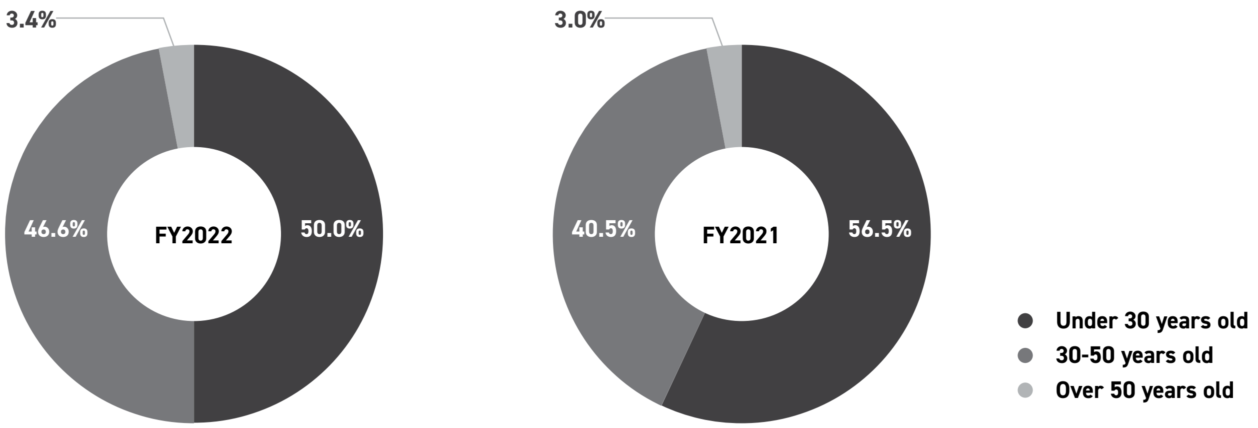
Sustainability Report

The demographics of our employees for our manufacturing operations are as follows:

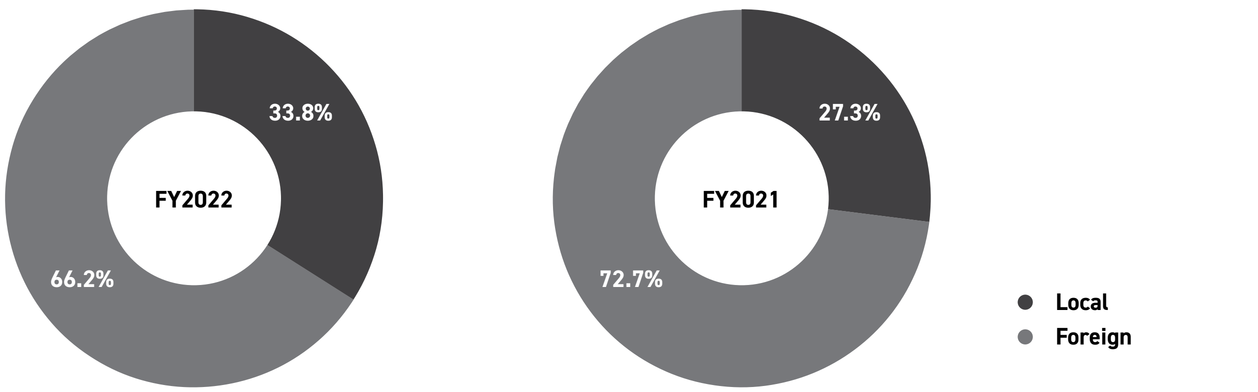
TOTAL NUMBER OF EMPLOYEES BY GENDER



TOTAL NUMBER OF EMPLOYEES BY AGE GROUP

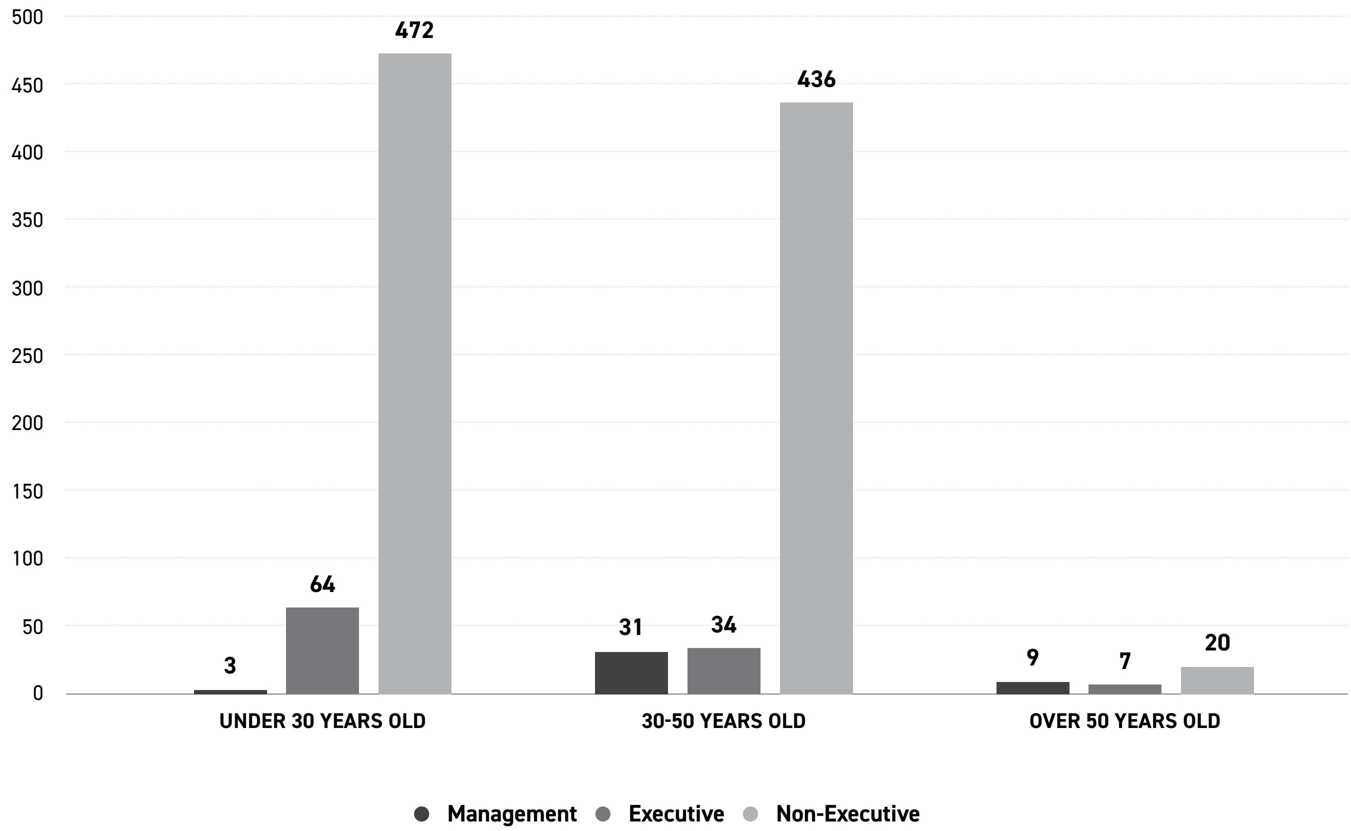


DIVERSITY BY GEOGRAPHIC



Sustainability Report

DIVERSITY BY EMPLOYEE CATEGORY AND AGE GROUP IN FY2022



DIVERSITY BY AGE GROUP AND GENDER ON HIRING RATE

	FY2022		FY2021	
	NUMBER	RATE[1]	NUMBER	RATE[1]
By Age Group (years old)				
Below 30	237	22.0%	266	23.8%
30 – 50	116	10.8%	103	9.2%
Above 50	4	0.4%	4	0.4%
By Gender				
Male	253	23.5%	312	27.9%
Female	104	9.7%	61	5.5%
Total	357	33.2%	373	33.4%

100% of our Board members comprise of males.

Note:

1 Based on total number of 1,076 employees as at 30 June 2022 and 1,118 employees as at 30 June 2021.

Sustainability Report

Occupational Health and Safety

GRI 403-9

Our workforce is of utmost priority to our Group and we are committed to providing a healthy and safe working environment for our people. We enforce a strong culture on health and safety within the organisation that requires all members of our workforce to be leaders in creating a safe work environment. We believe self-responsibility through regular reminders and education will minimise work-related injuries and accidents, and at the same time, improve cohesiveness among members of the organisation.

We continue to seek to identify and manage occupational risks exposure, minimise occurrences of occupational illness and promote lifestyles. A Health & Safety Committee comprising employee representatives of various sections of the workplace is in place to meet every quarter to review and discuss on the relevance and currency of the courses, policies and procedures. The responsibilities of the Committee and its members include: (i) assist in the development of safety and health rules and safe system of work, (ii) review the effectiveness of safety and health programmes, (iii) carry out studies on the trends of accident, near-miss accident, dangerous occurrence, occupational hazards, and report the same to the Group's management together with recommendation for corrective actions, and (iv) review the safety and health policies at the work place and make recommendations to the Group's management for any revision of such policies.

All employees will have to undergo courses to equip themselves with the necessary knowledge and skills required for their roles and responsibilities. New and existing employees are also required to attend trainings under our Occupational Health & Safety programme which includes health and safety policies, basic first aid training, emergency response training, safe work procedures and work instructions.

In FY2022, our manufacturing operations were temporarily halted due to the Enhanced Movement Control Order ("**EMCO**") from 9 to 21 July 2021 but resumed operations with 100% manpower upon all our employees fully vaccinated (with two doses of vaccines) amid the heightened Covid-19 infections in Malaysia. Nevertheless, we continue to operate our business in accordance with the directives of the respective governments and authorities where regular COVID-19 PCR testing are also carried out for our employees to ensure that asymptomatic individuals are identified and allowed to self-isolate to prevent the virus from spreading in the workplace. We continue to practise flexible working arrangement for some office-based employees to work remotely from home, while majority of our employees who work on site will have to comply to all the safety and preventive measures in the workplace.

The health, safety and well-being of our employees, and maintaining their livelihoods remain our highest priority. We continue to record zero incidents resulting in fatality and permanent disabilities for FY2022.

Performance in FY2022

- Recorded zero incidents of resulting in fatality and permanent disability.
- Recorded no incident of non-compliance with the relevant laws and regulations relating to occupational health and safety.
- Achieved targets set for FY2022.

Targets for FY2023

- Continue to carry out refresher training regularly for our employees to ensure they are aware of the various policies and standard procedures, and continuous emphasis on the importance of complying with the safety standards and rules in the workplace to ensure work-related injuries are kept to the minimal.
- Maintain zero incidents resulting in fatality and permanent disability.
- Maintain no incident of non-compliance with the relevant laws and regulations relating to occupational health and safety, providing a safe working environment and protecting our employees from occupational hazards.

Sustainability Report

MATERIAL TOPIC: GOVERNANCE

Socioeconomic Compliance

GRI 419-1

The Group remains committed to operating our business in compliance with the relevant social and economic regulations and standards through internal checks and balances, and regular reporting and updates to the relevant authorities and agencies. We believe that compliance with legislative requirements is a minimum standard that should be achieved whilst striving to perform beyond these requirements.

Our global footprint in countries outside of our manufacturing operations in Malaysia and corporate office in Singapore, has heightened our proactivity in identifying and addressing a broader range of social issues, risks and impact on our business. We are committed to conducting our business with integrity and safeguarding the interest of all stakeholders.

Corporate Governance

The Board and the management of UG Healthcare are committed to observing high standards of corporate governance and transparency in ensuring the sustainability of the Group's operations and safeguarding the interests of all our stakeholders.

We continue to uphold best practices in corporate transparency and disclosures, and we have in place a set of procedures and policies governing our compliance with applicable legislation and adherence to our risk management guidelines. The goal towards corporate excellence constantly motivates us to improving ourselves with a more transparent, accountable, and equitable system.

Please refer to the Corporate Governance Report found on pages 35 to 63 of the annual report.

Data Privacy

The Group is committed to complying with the Personal Data Protection Act and all relevant legislation. We have systems and procedures in place to protect information related to our employees and customers.

We will continue to stay vigilant and observe compliance with all applicable laws and regulations to maintain our record of zero incidents of non-compliance.

Performance in FY2022

- Recorded no incident of non-compliance with the relevant laws and regulations relating to social and economic that could potentially result in internal disciplinary action or public allegation.
- Complied with the principles and guidelines set out in the Code of Governance 2018, where appropriate.
- Recorded no incident of non-compliance with management controls and procedures.
- Recorded no incident of non-compliance on data privacy.
- Achieved targets set for FY2022.

Targets for FY2023

- Maintain no incident of non-compliance with the relevant laws and regulations in the social and economic aspect.
- Maintain no incident of non-compliance with management controls and procedures.
- Continue to monitor and update the adequacy of the management controls and procedures as the Group reviews the impacts of climate-related issues on its operations and expansion plans.
- Maintain our track record of zero incidents of non-compliance on data privacy.

Sustainability Report

GRI STANDARDS REFERENCE INDEX

GRI STANDARDS	DISCLOSURE		REFERENCE / DESCRIPTION
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-1	Name of organisation	UG Healthcare Corporation Limited
	102-2	Activities, brands, products and services	Annual Report 2022 (“**AR**”) Company Profile, page 1 Business Operations, page 4 to 8
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	Singapore – Corporate Office Malaysia – Upstream Manufacturing Europe, the UK, the USA, China, Africa, South America – Downstream Distribution Business Operations, page 4 to 8
	102-5	Ownership and legal form	AR – Statistics of Shareholdings, page 135 to 136
	102-6	Markets served	AR – Business Operations, page 4 to 8
	102-7	Scale of the organisation	AR – Performance Review, page 11 to 13 Sustainability Report 2022 (“**SR**”): SR – Economic Performance, page 23
	102-8	Information on employees and other workers	SR – Social, page 27 to 31
	102-9	Supply chain	AR – Company Profile, page 1
	102-10	Significant changes to the organisation and its supply chain	AR – Letter to Shareholders, page 2 to 3 SR – Economic Performance, page 23
	102-14	Statement from senior decision maker	AR – Letter to Shareholders, page 2 to 3 SR – Board Statement, page 17 to 18
	102-16	Values, principles, standards and norms of behaviour	AR – Corporate Governance Report, page 35 to 63
	102-18	Governance structure	AR – Corporate Governance Report, page 35 to 63 SR – Sustainability Governance, page 19
	102-40	List of stakeholder groups	SR – Stakeholder Engagement, page 20 to 21
	102-42	Identifying and selecting stakeholders	SR – Stakeholder Engagement, page 20 to 21
	102-43	Approach to stakeholder engagement	SR – Stakeholder Engagement, page 20 to 21
	102-44	Key topics and expectations raised	SR – Materiality Assessment, page 22
	102-45	Entities included in the consolidated financial statements	AR – Financial Statements and Notes to Financial Statements, page 72 to 134
	102-46	Defining report content and topic boundaries	SR – Board Statement, page 17 to 18
	102-47	List of material topics	SR – Materiality Assessment, page 22
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	SR – Board Statement, page 17 to 18
	102-51	Date of most recent previous report	14 October 2021
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions about the report	SR – Board Statement, page 17 to 18

Sustainability Report

GRI STANDARDS	DISCLOSURE		REFERENCE / DESCRIPTION
GENERAL DISCLOSURE			
	102-54	Claims if reporting in accordance with the GRI Standards	SR- Board Statement, page 17 to 18
	102-55	GRI content index	SR – GRI Standards Reference Index, page 33 to 34
	102-56	External Assurance	We may seek external assurance in the future.
MATERIAL TOPICS			
GRI 201: Economic Performance	201	Direct economic value generated and distributed	SR – Economic Performance, page 23
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	SR – Suppliers and Business Partners, page 24
GRI 205: Anti-corruption 2016	205-3	Communication and training about anti-corruption policies and procedures	SR – Anti-corruption, page 25
GRI 302: Energy 2016	302-1	Energy Consumption	SR – Resource Efficiency, page 26
GRI 303: Water and Effluents 2018	303-5	Water Consumption	SR – Resource Efficiency, page 26
GRI 305: Emissions 2016	305-1 305-2	Direct (Scope 1) and (Scope 2) GHG Emissions	SR – Resource Efficiency, page 26
GRI 306: Waste 2020	306-3	Waste generated	SR – Waste, page 27
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	SR – Environmental Compliance, page 25
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	SR – Employment, Diversity and Equal Opportunity, page 27 to 30
GRI 403: Occupational health and safety 2018	403-9	Work related injuries	SR – Occupational Health and Safety, page 31
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	SR – Employment, Diversity and Equal Opportunity, page 27 to 30
GRI 416: Customer Health and Safety 2016	416-2	Non-compliance concerning the health and safety impacts of products and services	SR – Customer Management, page 24
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	SR – Socioeconomic Compliance, page 32

Corporate Governance Report

UG Healthcare Corporation Limited (the "**Company**" or "**UG Healthcare**") and its subsidiaries (collectively, the "**Group"**) are committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2018 (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**").

This report outlines the Company's corporate governance practices and structures for the financial year ended 30 June 2022 ("**FY2022**"), with specific references made to each of the principles and provisions of the Code and the accompanying practice guidance by the SGX-ST pursuant to Rule 710 of the Catalist Rules. The Company has generally adhered to the framework and complied with all principles outlined in the Code for FY2022. Where there were deviations from the provisions of the Code, appropriate explanations have been provided in the relevant sections. The Company will also continue to enhance its corporate practices appropriate to the conduct and growth of its business and to review such practices from time to time and ensure compliance with the Catalist Rules.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1 – Principal functions of the Board

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 controls, 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.

Corporate Governance Report

Code of ethics and independent judgement

The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. Where a potential conflict of interest arises, the Director concerned will recuse himself from discussions and decisions involving the issue of conflict and refrain from exercising any influence over other members of the Board in respect of the issue. 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 APPOINTMENTS	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
1	Yip Wah Pung	Non-Executive Chairman and Independent Director	Chairman	Member	Member
2	Lee Keck Keong	Executive Director and Chief Executive Officer	–	Member	–
3	Lee Jun Yih	Executive Director and Finance Director	–	–	–
4	Lee Jun Linn	Executive Director and Chief Operating Officer	–	–	–
5	Wong See Keong	Executive Director	–	–	–
6	Ng Lip Chi, Lawrence (“**Lawrence Ng**”)	Independent Non-Executive Director	Member	Member	Chairman
7	Vincent Leow	Independent Non-Executive Director	Member	Chairman	Member

Provision 1.2 – Directors’ induction, training

The Company ensures that incoming new Directors are given guidance and orientation (including onsite visits and meeting up with key management personnel, 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 and for those without prior experience as directors of a listed company in Singapore, they will undergo training and/or briefing on the roles and responsibilities as directors. 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. 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.

Pursuant to Catalist Rules 406(3)(a), the Nominating Committee (“**NC**”) will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

During FY2022, no new director was appointed.

Briefings and updates provided for Directors in FY2022

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

During the Audit Committee (“**AC**”) meetings, 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 meetings on the business and strategic developments of the Group. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority, including amendments of Companies Act and the Catalist Rules as well as updates on the Code, 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.

Corporate Governance Report

Provision 1.3 – Matters requiring Board's approval

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

- Strategies and objectives of the Group;
- Announcement of interim 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;
- Interested person transactions; and
- The appointment, re-appointment (where applicable) and remuneration packages of the Directors and key management personnel.

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

Provision 1.4 - Delegation by the Board

The Board has delegated certain functions to the board committees, namely the AC, 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.

More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of their activities, are set out in the respective sections of this report.

Provision 1.5 – Board meetings, attendance and multiple commitments

The dates of Board and board committee meetings as well as annual general meetings ("**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 will meet at least four 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 Constitution. Details on the number of Board and Board Committee meetings held in the financial 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 FY2022

	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	4	4	4	4	1	1	1	1
Lee Keck Keong	4	4	4	4(2)	1	1	1	1(2)
Lee Jun Yih	4	4	4	4(2)	1	1(2)	1	1(2)
Lee Jun Linn	4	4	4	4(2)	1	1(2)	1	1(2)
Wong See Keong	4	4	4	4(2)	1	1(2)	1	1(2)
Lawrence Ng	4	4	4	4	1	1	1	1
Vincent Leow	4	4	4	4	1	1	1	1

(1) Represents the number of meetings held as applicable to each individual director.
(2) Attendance at meetings on a "By Invitation" basis.

Corporate Governance Report

Multiple Directorships

All Directors are required to declare their board appointments. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that notwithstanding multiple board appointments, the Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company. Please refer to Principle 4 below for further disclosure in relation to multiple board representations.

Provision 1.6 – Access to information

Each Director is given access to the Board resources, including the Company's constitutional and governing documents, terms of references of the Board and the Board Committees, the Group's policy, Annual Reports, Board meeting papers and other pertinent information for his/her reference. Management ensures that all Directors are furnished on an on-going basis with relevant, complete, adequate and timely information concerning the Company, to enable them to make informed decisions and discharge their duties and responsibilities. Prior to each Board meeting, board papers and files are circulated for each meeting and the Board is provided with relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. This is to give the Directors sufficient time to review and consider the matters being tabled and/or discussed. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The business/projects updates with information on financial, operating and corporate issues, the explanations on the financial information, and the rationale for the key decisions taken by the Management may also be made in the form of presentations by the Management in attendance at the meetings. The Directors are entitled to request additional information as needed to make informed decisions. The Management is invited to attend Board meetings to provide additional insights into matters being discussed, and to respond to any queries that the Directors may have.

Provision 1.7 – Access to Management and Company Secretary

The Directors have separate and independent access to the Management, and the Company Secretary and where it is necessary for the Directors to seek independent professional advice to effectively discharge their duties, the Directors can, whether as a group or individually, seek the requisite advice at the Company's expense.

The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Catalist Rules, 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 or her representative 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 is subject to the Board's approval.

Corporate Governance Report

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1 – Board Independence
Provision 2.2 – Majority independent Directors where Chairman is not independent
Provision 2.3 – Majority non-executive Directors in a Board

The Board comprises seven (7) Directors, of which four (4) are Executive Directors, and three (3) are Independent Non-Executive Directors. The Chairman of the Board is independent. Notwithstanding that Non-Executive Directors do not make up majority of the Board, the Board is of the view that there is at present a sufficiently strong independent element on the Board to maintain appropriate checks and balances to avoid undue influence of the Management on the Board's decision-making process taking into account the following:

(a) The current Board composition is also in compliance with Rule 406(3)(c) of the Catalist Rules, which requires, the independent directors to make up at least one-third of the Board;

(b) The Non-Executive Directors, who are also Independent Directors, chair the Board Committees, and are able to provide the appropriate level of independence and integrity to make decisions in the best interests of the Company; and

(c) Majority of the members of the Board Committees are independent.

Provision 2.4 – Board composition and diversity

The Board is committed that a diverse Board will help improve the overall performance and operational capability of the Company, ensuring that the decisions made by the Board have been considered from a range of viewpoints. The Board has adopted a Board diversity policy and the measurable objectives identified include:

1. In designing the Board's composition, Board diversity has been considered from a wide range of aspects, including but not limited to age, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. Directors with technical, legal, financial, management and audit background will provide various extensive business experiences to the Company. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenges that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board.

2. For achieving an optimal Board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. Such factors will be considered by the Company based on its business model and specific needs and the ultimate decision will be based on merit, value and contribution that the selected candidates will bring to the Board.

3. The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. In addition to ensuring a balanced composition of skills and experience at the Board, the Board has deliberated the following:

    (a) Gender diversity

    The Company does not set any specific target for female Directors in the Board but will work towards having a female director for future board renewal, if opportunity arises. The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same

Corporate Governance Report

principle is applied to the selection of potential candidates for appointment to the Board in order to attract and retain women participation on the Board;

(b) Age diversity

The Company does not set any specific target for the boardroom age diversity but will work towards having appropriate age diversity in the Board, if opportunity arises. The Company does not fix age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company. The Board is fully committed to promoting age, diversity, valuing the contribution of its members regardless of age, and seek to eliminate age stereotyping and discrimination on age; and

(c) Ethnic diversity

The Company does not set any specific target for ethnic diversity in the boardroom but will work towards having appropriate ethnic diversity in the Board, if opportunity arises.

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.

The Company is committed to implementing the Board Diversity Policy and will review this Policy periodically to ensure its effectiveness and alignment with best practice and the requirements of the Code, or as amended from time to time, and any other relevant legislation. Any progress made towards the implementation of this Policy will be disclosed in future Corporate Governance Reports of the Company, as appropriate.

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. More details are set out under Principle 4 of the Code.

The independence of any Director who has served on the Board beyond nine years from the date of his/her first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. 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 more than one-third of the Board, which meets the requirements set out in the Code. This provides a strong and independent element on the Board which 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.

Provision 2.5 – Non-Executive Directors and Independent Directors meet regularly

The Independent Non-Executive Directors communicate regularly to discuss matters such as Group's financial performance and corporate governance measures and provide constructive advice and guidance on directions in relation to the Group's business strategies. They also review performance of the management in achieving agreed goals and objectives and monitor the reporting of performance. Where necessary, the Independent Non-Executive Directors meet and discuss on the Group's affairs without the presence of the management.

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Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 – Separation of the role of the Chairman and the CEO

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.

Provision 3.2 – Role of the Chairman and the CEO

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; ensures effective communication with shareholders; facilitates the effective contribution of Non-Executive Directors in particular; and promotes high standards of corporate governance.

Mr. Lee Keck Keong is the CEO and Executive Director of the Company. 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.

Provision 3.3 – Lead Independent Director

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.

No Lead Independent Director has been appointed to the Board as the Chairman is independent.

All the Board Committees are chaired by Independent Directors and more than one third of the Board consists of Independent Directors.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 – Role of the NC
Provision 4.2 – Composition of the NC

The NC consists of three (3) Independent Non-Executive Directors and one (1) Executive Director, the majority of whom, including the NC Chairman, are independent:

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

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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 members, CEO, deputy CEO, Finance Director/Chief Financial Officer ("**CFO**") and key management;
- recommend to the Board re-nominations of existing directors for re-election in accordance with the Company's Constitution, 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; and
- 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.

Provision 4.3 - Board Renewal

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

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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.

Provision 4.4 - Independence review of Directors

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 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, assesses the independence of the Independent Directors and recommends its assessment to the Board.

As set out under the Code, an Independent Director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers 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 company. The NC assesses and reviews annually the independence of a director bearing in mind the salient factors as set out under the Code, the Catalist Rules as well as all other relevant circumstances and facts. The Independent Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

Based on the Checklist submitted by the Independent Directors, the NC was of the view that Mr. Yip Wah Pung, Mr. Lawrence Ng and Mr. Vincent Leow are independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past 3 financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past 3 financial years, and whose remuneration is determined by the Remuneration Committee.

(b) None of the Independent Directors have served on the Board beyond 9 years from the date of first appointment.

(c) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received significant payments or material services aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organisation which provided or received significant payments or material services aggregated over any financial year in excess of S$200,000 for services rendered.

(d) None of the Independent Directors are directly associated with a substantial shareholder of the Company in the current or immediate past financial year.

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.

Pursuant to Rule 720(4) of the Catalist Rules, the Company must have all Directors submit themselves for re-nomination and re-appointment at least once every three years. Regulation 104 of the Company's Constitution 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 while Regulation 108 provides that any Director so appointed shall hold office until the next AGM and be eligible for re-election at the Company's AGM. Mr. Yip Wah Pung and Mr. Lee Keck Keong shall retire pursuant to Regulation 104 of the Company's Constitution at the Company's forthcoming AGM and shall be eligible for re-election.

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The NC is satisfied that Mr. Yip Wah Pung and Mr. Lee Keck Keong, retiring at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time and recommended to the Board that the retiring Directors be nominated for re-election.

The requirements as required under Rule 720(5) (information as set out in Appendix 7F) of the Catalist Rules are stipulated in the table below: -

NAME OF PERSON	YIP WAH PUNG	LEE KECK KEONG
Date of Appointment	20 November 2014	Appointed to the Board on 20 November 2014 and re-designated from Non-Executive Director to Executive Director and Chief Executive Officer on 19 October 2016
Date of last re-appointment (if applicable)	24 October 2019	24 October 2019
Age	69	68
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, board diversity and the search and nomination process)	The re-election of Mr. Yip Wah Pung as the Independent Chairman of the Board was recommended by the NC and the Board has accepted the recommendation, after taking into consideration of Mr. Yip's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. The NC (save for Mr. Yip) has reviewed and confirmed Mr. Yip's continued independence. Mr. Yip will, upon re-election, continue to serve as the Independent Chairman of the Board, chairman of the AC and member of the NC and RC.	The re-election of Mr. Lee Keck Keong as the Executive Director of the Board was recommended by the NC and the Board has accepted the recommendation, after taking into consideration of Mr. Lee's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr. Lee will, upon re-election, continue to serve as the Executive Director of the Board and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	Not Applicable	Mr. Lee Keck Keong oversee: (i) the formulation of the overall business and corporate policies and strategies of the Group (ii) the overall management of the business and operations of the Group (iii) the Group's overall business development
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive Chairman and Independent Director. • Chairman of Audit Committee • Member of Nominating Committee • Member of Remuneration Committee	• Executive Director and Chief Executive Officer. • Member of Nominating Committee
Professional qualifications	(i) A member of the Malaysian Institute of Accountants (ii) A member of the Association of Chartered Certified Accountants (iii) A member of the Malaysian Institute of Chartered Secretaries and Administrators (iv) A member of the Chartered Tax Institute of Malaysia	Nil

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NAME OF PERSON	YIP WAH PUNG	LEE KECK KEONG
Working experience and occupation(s) during the past 10 years	Mr. Yip Wah Pung is currently a partner is his own audit firm, W.P. Yip & Co since 1994. The audit firm is principally engaged in the provision of tax and audit services.	Mr. Lee Keck Keong ("**Mr. Lee**") was the co-founder of the Group and took charge of the development of the Group's business. Following the listing of the Company, Mr. Lee has been the Non-Executive Director of the Company taking charge in charting the strategic direction of the Group's development.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Deemed interested in 374,729,122 shares through Zen UG Pte. Ltd. and Raydion Direct Global Inc, representing 60.07% shareholdings of the Company.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Mr. Lee Keck Keong is the father of the Executive Directors of the Company, Mr. Lee Jun Yih and Mr. Lee Jun Linn. Mr. Lee Keck Keong is also the spouse of a substantial shareholder of the Company, Madam Sim Ai Cheng.
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Rule 704(8) of the Catalist Rules.		
Past (for the last 5 years)	Nil	1. Ling Wah Press Sdn. Bhd. 2. Metro Angkasa Sdn. Bhd.
Present	W.P. Yip & Co	1. N.S. Uni-Gloves Sdn. Bhd. 2. UG Global Resources Sdn. Bhd. 3. UG Engineering Sdn. Bhd. 4. UG Healthcare Sdn. Bhd. 5. Unigloves Shanghai Co., Ltd. 6. Unigloves (UK) Limited 7. 友利格（苏州）国际贸易有限公司 8. Anvest Corporation Sdn. Bhd. 9. Ideal Splendour Sdn Bhd 10. Vector Acres Sdn Bhd 11. UG Global Products Sdn Bhd

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NAME OF PERSON	YIP WAH PUNG	LEE KECK KEONG
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

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NAME OF PERSON	YIP WAH PUNG	LEE KECK KEONG
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

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NAME OF PERSON	YIP WAH PUNG	LEE KECK KEONG
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

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NAME OF PERSON	YIP WAH PUNG	LEE KECK KEONG
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?	This relates to re-appointment of Director.	This relates to re-appointment of Director.
If yes, please provide details of prior experience.	Not Applicable	Not Applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable	Not Applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable

There is currently 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 14 to 16 of the Annual Report, while information on the Directors' shareholding in the Company can be found on page 64.

Provision 4.5 – Directors' time commitments

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 duties as a Director of the Company. The NC takes into account the respective Directors' actual conduct on the Board, in making this determination.

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None of the Directors, save for Mr. Lawrence Ng, has multiple listed company board representation. Mr. Lawrence Ng is an independent director and non-executive chairman of Sanli Environmental Limited, a company listed on the Catalist Board of the SGX-ST. The NC has reviewed and considered Mr. Lawrence Ng's directorship in this other listed company, as well as all his other principal commitments, and is satisfied that Mr. Lawrence Ng has been able to devote sufficient time and attention to the affairs of the Group to adequately discharge his duties as Director 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 duties adequately.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 and 5.2 – Board Evaluation Process

A review of the Board's and Board Committees' performance and the individual Director'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 and the respective Board Committees, and the contribution of each Director to the effectiveness of the Board. 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 and Board Committees', and individual Director'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 and Board Committee's 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 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, and each individual Director for FY2022 and is of the view that the performance of the Board as a whole and each individual Director was satisfactory.

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REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1 and 6.2 – Composition of the RC
Provision 6.3 – Remuneration framework
Provision 6.4 – Remuneration consultant

The RC consists of three (3) members, all of whom including the RC Chairman, are independent:

Mr Lawrence Ng	–	Chairman
Mr Yip Wah Pung	–	Member
Mr Vincent Leow	–	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; and
- 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;

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- 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; and

- 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 adopted a share option scheme known as the Unigloves Employee Share Option Scheme (the "**Unigloves ESOS**") and a share scheme known as the Unigloves Performance Share Plan (the "**Unigloves PSP**"). The RC's duties also include the administration of the Unigloves ESOS and Unigloves PSP.

Unigloves ESOS

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.

On 28 August 2015, the Company granted to the employees (excluding directors, controlling shareholders or their associates) 1,570,000 share options pursuant to the Unigloves ESOS which are vested equally over three (3) years, first year of vesting being after two (2) years from the date of grant. On 28 August 2020, the Company had issued and allotted an aggregate of 1,400,000 new ordinary shares in the capital of the Company pursuant to the exercise of 1,400,000 options granted under the Unigloves ESOS at the exercise price of S$0.1816 per share. The remaining 170,000 share options were forfeited in FY2021. No share options were granted during FY2022.

No participant received 5% or more of the total number of share options under the Unigloves ESOS.

The exercise price of the options granted was S$0.1816 for each share, being a discount of 20% to the average of the last dealt prices of the Company's shares on the SGX-ST over the five (5) consecutive trading days immediately preceding the date of grant of options. The exercise price was at a discount to the market price of the shares on the date of grant, being S$0.23 per share.

Unigloves PSP

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 and subsidiary holdings) from time to time. During FY2022, there were no awards granted pursuant to the Unigloves PSP.

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 RC did not seek the service of an external remuneration consultant in FY2022.

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.

Corporate Governance Report

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 – Remuneration of Executive and Key Management

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 Company has entered into separate service agreement ("**Service Agreements**") with the Executive Directors, Mr Wong See Keong, Mr Lee Jun Yih and Mr 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.

The Company has also entered into a Service Agreement with Mr Lee Keck Keong, Executive Director and CEO for an initial period of three (3) years from 19 October 2016 and is 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 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.

On 11 December 2020, the Company entered into new service agreements with Mr Lee Keck Keong (Executive Director and CEO), Mr Lee Jun Yih (Executive Director and Finance Director) and Mr Lee Jun Linn (Executive Director and COO), to revise their respective remuneration structure closer in line with the prevailing market standards.

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

Provision 7.2 – Remuneration of Non-Executive Directors

The RC also ensures that the remunerations 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.

Provision 7.3 – Remuneration appropriately structured to link to long-term performance

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.

Corporate Governance Report

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.

Having reviewed and considered the variable components of the remuneration packages for the Directors and key management personnel, which are moderate, the RC is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by key management personnel.

Principle 8: Disclosure of Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Disclosure of remuneration
Provision 8.2 – Remuneration of related employees
Provision 8.3 – Forms of remuneration and details of employee share schemes

The Code recommends that companies fully disclose the name and remuneration of each Director and the CEO. For confidentiality reasons, 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 FY2022:

REMUNERATION BAND AND NAME OF DIRECTORS	SALARY %	BONUS %	FEES %	OTHER BENEFITS %	PROFIT SHARING %	TOTAL %
S$1,500,001 up to S$1,750,000						
Mr Lee Keck Keong	–	–	16	–	84	100
S$750,001 up to S$1,000,000						
Mr Lee Jun Yih	23	–	–	1	76	100
Mr Lee Jun Linn	20	–	–	1	79	100
Up to S$250,000						
Mr Wong See Keong	47	36	–	17	–	100
Mr Yip Wah Pung	–	–	100	–	–	100
Mr Lawrence Ng	–	–	100	–	–	100
Mr Vincent Leow	–	–	100	–	–	100

The Company only has one (1) key management personnel (who is not a Director or the CEO) during FY2022. The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the key management personnel due to competitiveness of the industry for key talent and increase risk of poaching by other competitors in the market. The table below provides a breakdown, showing the level and mix of remuneration of each of the key management personnel (who is not a Director or the CEO) for FY2022:

REMUNERATION BAND AND NAME OF KEY EXECUTIVE	SALARY %	BONUS %	FEES %	OTHER BENEFITS %	TOTAL %
S$250,001 up to S$500,000					
Ms Wong Pek Wee	39	24	23	14	100

There was no employee who is an immediate family member of a Director or the CEO whose remuneration exceeded S$100,000 in FY2022.

Corporate Governance Report

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

The Board believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8 of the Code.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 – Nature and extent of significant risks

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 to form and provide an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group in the annual report of the Company according to the requirements of the Catalist Rules and the Code.

The Company has engaged IA Essential Pte Ltd, an internal audit consulting firm ("**Internal Auditors**") to perform the internal audit reviews. The Internal Auditors carry out their internal audits with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors. The AC is satisfied that the outsourced internal audit function is adequately staffed by suitably qualified, independent and experienced professionals as the team comprises of a director who is a member of Chartered Accountants Australia and New Zealand, the Malaysian Institute of Certified Public Accountants and the Institute of Internal Auditors Malaysia while the team manager and members are accounting graduates.

During FY2022, the Internal Auditors had conducted follow-up audits in August 2021, February 2022 and May 2022 covering the Group's financial standard operating procedures. There were no material findings for FY2022.

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.

Provision 9.2 - Assurance from the CEO and the Finance Director

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

(a) The financial records of the Group have been properly maintained and the financial statements for FY2022 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 Finance Director have obtained similar assurance from the business and corporate executive heads in the Group.

Corporate Governance Report

Comment 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, as well as the assurance received from the CEO and the Finance Director, the Board with the concurrence of the AC, is of the opinion that the Group's internal control systems, addressing financial, operational, compliance, information technology risks, and risk management systems were adequate and effective as at 30 June 2022.

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 10: Audit Committee

The Board has an AC which discharges its duties objectively.

Principle 10.1, 10.2 and 10.3 – Composition, Qualification and Role and Responsibilities of the AC

The AC consists of three (3) members, all of whom including the AC Chairman, are independent and are not former partners or directors of the company's existing auditing firm:

Mr Yip Wah Pung	–	Chairman
Mr Lawrence Ng	–	Member
Mr Vincent Leow	–	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 the adequacy 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 the 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 the management where necessary);

- review the scope and results of the external audit, and the independence and objectivity of the external auditors;

Corporate Governance Report

- 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 the 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 Finance Director/CFO 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 Finance Director/CFO and the internal and external auditors including financial, operational, compliance, information technology controls and risk management system and report to the Board at least annually;

- review the assurance from the CEO and the Finance Director/CFO on the financial records and financial statements;

- 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 maybe 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 as 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 AC 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.

Corporate Governance Report

Provision 10.4 – Internal audit function
Provision 10.5 – AC's activities during the year

The AC met four times during FY2022. Details of members and their attendance at meetings are provided on page 37 of the Annual Report. 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 and external auditors separately, without the presence of management. These meetings enable the Internal Auditors and external auditors to raise issues encountered in the course of their work directly to the AC.

The AC received updates from the external auditors during the AC meetings 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 video conference to review the quarterly 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 statements for FY2022, the AC discussed with management, the Finance Director 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.

In addition, significant matters that were discussed with management and the external auditors have been included as Key Audit Matters ("**KAMs**") in the audit report for the financial year ended 30 June 2022 on pages 68 to 69 of the Annual Report.

In assessing each KAM, the AC took into consideration the approach and methodology applied, as well as the reasonableness of the estimates and key assumptions used. The AC concluded that management's accounting treatment and estimates in each of the KAMs were appropriate.

Following the review and discussions, the AC then recommended to the Board for the 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.

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The aggregate amount of audit and non-audit fees paid or payable to the external auditors for FY2022 are S$219,245 for audit fees and S$16,683 for non-audit fees relating to the provision of tax compliance and other services, respectively. The Company has complied with Rule 712 and Rule 715 of the Catalist Rules in the appointment of its auditor, having regard the adequacy of the track record, resources, experience and independence of the auditing firm and the audit partner-in-charge assigned to the audit.

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 Pte Ltd. 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, information technology risks and risk management system. 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. The Board and the AC are of the view that the internal audit function is independent, effective, adequately resourced and has the appropriate standing within the Group.

During FY2022, the AC reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with management, Internal Auditors and external auditors.

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 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 minority shareholders. On an interim basis, management reports to the AC the interested person transactions, if any.

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 are effective.

Corporate Governance Report

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 and has been published on the Company's website for the purposes of the external parties such as customers, suppliers, and other stakeholders. For FY2022, there were no reported incidents pertaining to whistle blowing.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT AND MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11: Shareholders' Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1, 11.2, and 11.3 – Conduct of general meetings

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 minority 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 on the 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. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineer at such general meetings. The Company will employ electronic polling if necessary.

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.

Forthcoming AGM to be convened

The forthcoming AGM in respect of FY2022 will be held physically at YMCA @ One Orchard, One Orchard Road, Singapore 238824 on 28 October 2022. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the forthcoming AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM released on SGXNet on 13 October 2022.

Provision 11.4 – Voting in absentia

The Constitution of the Company allows any member of the Company, if he/she is unable to attend a general meeting, to appoint not more than two proxies to attend and vote in his/her behalf at the meeting through a proxy form sent in advance. Pursuant to the amendments to the Companies Act effective from 1 January 2016, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

Corporate Governance Report

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/or published in local newspapers, as well as posted on the Company's website.

The Company's Constitution 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.

Provision 11.5 – Minutes of general meetings

The Company Secretary 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.

Under Provision 11.5 of the Code, the Company should publish the minutes of general meetings of shareholders on SGXNet and/or its corporate website as soon as practicable and such minutes shall record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. The Company has adopted this practice since its AGM for the financial year ended 30 June 2020. The minutes of general meetings of the Company, including a summary of substantial and relevant comments or questions from shareholders relating to the agenda of general meetings and responses thereof, will be published on SGXNet and/or its corporate website within one (1) month after the date of the meeting, for the information of the shareholders.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings.

Provision 11.6 – Dividend policy

In the Company's Offer Document dated 28 November 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 ended 30 June 2016. 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.

Considering the abovementioned factors, for FY2022, the Board has proposed a special dividend of S$0.00320 per ordinary share, one tier tax-exempt and a final dividend of S$0.00320 per ordinary share, one tier tax-exempt, which are subject to shareholders' approval at the forthcoming AGM.

Corporate Governance Report

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1, 12.2 and 12.3 – Stakeholder engagement

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 releases and on the corporate website. To ensure a level playing field and to 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 as soon as practicable.

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

Interaction with shareholders/stakeholders

The Company has appointed an external investor relations firm to facilitate the communication with all stakeholders (shareholders, analysts and media) on a regular basis, to attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance. To enable shareholders to contact the Company easily, the contact details of the investor relations function are set out on Corporate Information page this Annual Report. The Company has procedures in place with regard to responding to investors' queries.

Principle 13: Managing stakeholder relationships

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1, 13.2 and 13.3 – Stakeholder engagement

The Group has arrangements in place to identify and engage with its material shareholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise, such as announcements, press releases, publications, surveys and customer feedback with material stakeholder groups which include shareholders, suppliers, customers, regulators, employees, media and public relations, and the local communities. The Group has identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further information in relation to details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement can be found under Sustainability Report on pages 17 to 34 of the annual report.

Corporate Governance Report

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 period commencing 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 Catalist Rules 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.

The Group confirmed that it has adhered to its internal compliance code for FY2022 pursuant to Rule 1204(19) of the Catalist Rules.

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 2022 or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited during the financial year under review.

Interested Person Transactions ("**IPT**")

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 Catalist Rules.

Use of Proceeds

Pursuant to the Company's placement exercise completed on 21 August 2020, the Company received net proceeds of approximately S$18,388,500 (the "**Net Proceeds**").

The Company has fully utilised the Net Proceeds for capital expenditure and general working capital purposes. Please refer to the Company's announcement dated 12 May 2022.

Directors' Statement

The directors present their statement to the members together with the audited financial statements of UG Healthcare Corporation Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2022 and the statement of financial position and statement of changes in equity of the Company as at 30 June 2022.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(ii) 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.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Yip Wah Pung
Lee Keck Keong
Lee Jun Yih
Wong See Keong
Lee Jun Linn
Ng Lip Chi, Lawrence
Vincent Leow

3. 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 4 and 5 below.

4. 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 1967 (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:

NAME OF DIRECTORS AND RESPECTIVE COMPANIES IN WHICH INTEREST IS HELD	DIRECT INTEREST AT THE BEGINNING OF THE YEAR	DIRECT INTEREST AT END OF THE YEAR	DEEMED INTEREST AT THE BEGINNING OF THE YEAR	DEEMED INTEREST AT END OF THE YEAR
<u>The Company</u> (Ordinary shares)				
Lee Keck Keong	–	–	368,787,546	374,729,122
Lee Jun Yih	2,799,953	2,845,063	368,787,546	374,729,122
Lee Jun Linn	2,181,936	2,217,089	368,787,546	374,729,122
Wong See Keong	28,921,289	29,387,243	–	–

The directors' interests in the shares of the Company on 21 July 2022 were the same as at 30 June 2022.

Directors' Statement

5. SHARE OPTIONS

On 28 August 2015 (the "Date of Grant"), a batch of share options were granted to management and confirmed employees under the Unigloves Employee Share Option Scheme (the "Scheme"). Options were granted at the exercise price of $0.1816 per share. The Scheme is administered by the Remuneration Committee which comprises the following directors:

Ng Lip Chi, Lawrence (Chairman)
Yip Wah Pung
Vincent Leow

The options are vested equally over three (3) years with first year of vesting being after two (2) years from the date of grant, the options are exercisable upon vesting. In all other cases, an option will be forfeited in the event that the option is not exercised within 10 years from the Date of Grant.

The exercise price of the options can be set at a discount of 20% to the average of the last-dealt price for a share for the five (5) consecutive trading days immediately preceding the date of grant of the options.

The share options of 1,570,000 shares, of which 1,400,000 shares were exercised and the remaining 170,000 shares were forfeited in FY2021.

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

Save as disclosed above, there were no other grants of such options in FY2022.

6. PERFORMANCE SHARE PLAN

There were no awards granted under the Unigloves 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 Unigloves 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 three non-executive directors and at the date of this report, they are:

Yip Wah Pung (Chairman)
Ng Lip Chi, Lawrence
Vincent Leow

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

Directors' Statement

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

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 nature and 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;

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. the nomination of external auditors and approval of their compensation; and

ix. the 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

Lee Keck Keong
Director

Lee Jun Yih
Director

Singapore
30 September 2022

Independent Auditors' Report

To the members of UG Healthcare Corporation Limited

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the 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 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Independent Auditors' Report

To the members of UG Healthcare Corporation Limited (Continued)

Scope of audit

For the audit of the current year's financial statements, we identified 6 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

The significant components were audited by another firm of auditors and overseas member firms of Mazars LLP, as component auditors (the "component auditors") under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole which include but not limited to the following:

- Issuance of a set of comprehensive Group audit instructions to the component auditors to inform them about significant audit matters such as the component materiality thresholds, risks of material misstatements identified at the Group level, reporting deliverables and the necessity of timely communication to us of matters that could have a material impact on the Group's operations and financials;

- Review of the audit plans of significant components prepared by the component auditors and where deemed necessary, dictated additional audit procedures to be performed by them;

- Review of audit working files prepared by component auditors relating to the Group's significant component;

- Holding of teleconferences with the component auditors, as and when deemed necessary during the course of audit, to discuss about matters, including the audit approach and any other significant matters;

- Holding of closing meetings with the Group finance team of the significant components, including the finance director, and the corresponding component auditors to resolve issues and matters;

- Provision of regular updates to the Group's management about the progress of the Group audit and, as and when deemed necessary, any significant accounting and audit issues we encountered during the course of the Group audit such that these issues can be resolved on a timely basis to facilitate the progress of the audit; and

- Site visits of factories of the Group's significant components.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the aforementioned salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To the members of UG Healthcare Corporation Limited (Continued)

Key Audit Matters (Continued)

MATTER	AUDIT RESPONSE

Valuation of inventories

Refer to Note 3.2 for key sources of estimation uncertainty and Note 15 (Inventories) for disclosures note.

As at 30 June 2022, the Group recorded inventories of $61.8 million.

Inventories are valued at the lower of cost and net realisable value.

Management reviews the Group's inventories levels in order to identify slow-moving and obsolete merchandise and identifies items of inventories 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. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventories which could then consequentially impact the Group's results, cash flows and financial position. Management estimates the amount of inventories loss as an allowance on inventories to ensure that the inventories amounts recorded are not above their corresponding net realisable value ("NRV").

We have identified valuation for inventories as one of the key audit matters because the Group had material carrying amount of inventories as at the end of the financial year and the Group determined cost based on standard costing where standard costs are estimated using unit costs at targeted output levels, including direct materials costs, direct labour costs, and indirect costs. The estimation of standard costs requires the separate estimation of standard costs for direct materials, direct labour, and overhead where judgements are involved on absorption and allocation of cost for each type of inventories.

Our audit procedures included, and were not limited to, the following:

- Performed observation of inventory count at year end for its major operating subsidiaries;
- Assessed costing of closing inventories determined by management using standard costing method to ascertain that the standard costs approximate actual costs;
- Assessed NRV of closing inventories that was determined by management to ascertain that inventories are carried at lower of cost and net realisable value;
- Evaluated the basis of the allowance provided by management and checked to historical storage time to assess reasonableness of the storage time's guidance used in the estimation of obsolescence allowance; and
- Reviewed the inventory turnover days and performed a specific review on those slow moving and obsolete inventories.

Allowance for trade receivables

Refer to Note 3.2 for key sources of estimation uncertainty and Note 17 (Trade receivables) for disclosures note.

As at 30 June 2022, the Group recorded trade receivables of $31.2 million under current assets.

With reference to SFRS(I) 9, the Group used an allowance matrix to estimate expected credit losses for trade receivables. The expected credit losses rates were based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that were assessed through an age analysis and by geographical locations, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables.

As the determination of the expected credit losses requires significant judgement of management and in consideration of the significance of trade receivables in the Group, we consider management's assessment and application of SFRS(I) 9 to the impairment of trade receivables as a key audit matter.

Our audit procedures included, and were not limited to, the following:

- Reviewed outstanding debts as at year end, differentiated in two streams, namely major customers and long outstanding debts exceeding credit terms granted with reference to ageing profile;
- Assessed expected credit losses based on the ratio of historical actual credit losses against trade receivables for the past 3 financial years and management's assumptions on forward looking factors affecting the recoverability of the trade receivables;
- Reviewed ageing profile of the receivables and verified to subsequent collections from the receivables to the bank statements; and
- Reviewed the background, profile and historical payments trends of the customers.

Independent Auditors' Report

To the members of UG Healthcare Corporation Limited (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements, the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report

To the members of UG Healthcare Corporation Limited (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Ooi Chee Keong.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
30 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 June 2022

	NOTE	GROUP 2022 $'000	GROUP 2021 $'000
Revenue	4	232,598	338,401
Cost of sales		(148,212)	(142,241)
Gross profit		84,386	196,160
Other income	5	727	1,271
Other items of expense			
Marketing and distribution expenses		(7,745)	(7,308)
Administrative expenses		(25,475)	(33,066)
Other expenses		(2,426)	(629)
Finance costs	6	(805)	(604)
Share of profits from equity-accounted for associates	11	99	3,579
Profit before income tax	7	48,761	159,403
Income tax expense	8	(8,963)	(39,459)
PROFIT FOR THE YEAR		39,798	119,944
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translating foreign operations		1,716	2,960
Other comprehensive income for the year, net of tax		1,716	2,960
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		41,514	122,904
Profit attributable to:			
Owners of the Company		36,795	118,765
Non-controlling interests		3,003	1,179
		39,798	119,944
Total comprehensive income attributable to:			
Owners of the Company		39,475	120,831
Non-controlling interests		2,039	2,073
		41,514	122,904
Earnings per share attributable to owners of the Company (cents)			
Basic/Diluted	9	5.93	19.42

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 2022

		GROUP		COMPANY	
		2022	2021	2022	2021
	NOTE	$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Subsidiaries	10	–	–	54,621	54,621
Associates	11	6,443	7,678	–	–
Property, plant and equipment	12	66,085	49,094	–	–
Intangible assets	13	476	263	–	–
Deferred tax assets	14	1,745	9,768	–	–
Total non-current assets		74,749	66,803	54,621	54,621
Current assets					
Inventories	15	61,834	72,408	–	–
Amounts due from subsidiaries	16	–	–	26,406	51,619
Trade and other receivables	17	40,906	60,635	324	317
Income tax assets		10,332	–	–	–
Cash and cash equivalents	18	100,218	68,441	32,088	11,446
Total current assets		213,290	201,484	58,818	63,382
Total assets		288,039	268,287	113,439	118,003
EQUITY AND LIABILITIES					
Equity					
Share capital	19	59,652	57,745	59,652	57,745
Reserves	21	(36,226)	(38,906)	–	–
Retained earnings		205,474	171,797	52,027	53,451
Equity attributable to owners of the Company		228,900	190,636	111,679	111,196
Non-controlling interests		6,163	4,124	–	–
Total equity		235,063	194,760	111,679	111,196
Non-current liabilities					
Deferred tax liabilities	14	4,824	4,524	–	–
Bank borrowings	24	10,273	5,303	–	–
Lease liabilities	26	724	749	–	–
Total non-current liabilities		15,821	10,576	–	–
Current liabilities					
Bank borrowings	24	6,186	9,957	–	–
Trade and other payables	25	24,506	34,755	1,638	6,605
Lease liabilities	26	798	734	–	–
Amounts due to subsidiaries	16	–	–	–	–
Derivative financial liabilities	23	98	312	–	–
Income tax liabilities		5,567	17,193	122	202
Total current liabilities		37,155	62,951	1,760	6,807
Total liabilities		52,976	73,527	1,760	6,807
Total equity and liabilities		288,039	268,287	113,439	118,003

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 2022

GROUP	SHARE CAPITAL (NOTE 19) $'000	FOREIGN CURRENCY TRANSLATION RESERVE (NOTE 21) $'000	MERGER RESERVES (NOTE 21) $'000	SHARE-BASED PAYMENT RESERVE (NOTE 21) $'000	RETAINED EARNINGS $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
At 1 July 2020	37,870	(15,032)	(25,940)	180	55,143	52,221	2,051	54,272
Profit for the year	–	–	–	–	118,765	118,765	1,179	119,944
Other comprehensive income:								
Exchange differences on translating foreign operations	–	2,066	–	–	–	2,066	894	2,960
Total comprehensive income for the year	–	2,066	–	–	118,765	120,831	2,073	122,904
Issuance of shares, pursuant to placement agreement	18,437	–	–	–	–	18,437	–	18,437
Issuance of shares, pursuant to exercise of share option	415	–	–	(161)	–	254	–	254
Share option forfeited	–	–	–	(19)	–	(19)	–	(19)
Issuance of shares, pursuant to scrip dividend	1,023	–	–	–	–	1,023	–	1,023
Dividends (Note 20)	–	–	–	–	(2,111)	(2,111)	–	(2,111)
At 30 June 2021	57,745	(12,966)	(25,940)	–	171,797	190,636	4,124	194,760
Profit for the year	–	–	–	–	36,795	36,795	3,003	39,798
Other comprehensive income:								
Exchange differences on translating foreign operations	–	2,680	–	–	–	2,680	(964)	1,716
Total comprehensive income for the year	–	2,680	–	–	36,795	39,475	2,039	41,514
Issuance of shares, pursuant to scrip dividend	1,907	–	–	–	–	1,907	–	1,907
Dividends (Note 20)	–	–	–	–	(3,118)	(3,118)	–	(3,118)
At 30 June 2022	59,652	(10,286)	(25,940)	–	205,474	228,900	6,163	235,063

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 2022 (Continued)

COMPANY	SHARE CAPITAL $'000	SHARE-BASED PAYMENT RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000
At 1 July 2020	37,870	180	12,039	50,089
Profit for the year, representing total comprehensive income for the financial year	–	–	43,523	43,523
Issuance of shares, pursuant to placement agreement	18,437	–	–	18,437
Issuance of shares, pursuant to exercise of share option	415	(161)	–	254
Share option forfeited	–	(19)	–	(19)
Issuance of shares, pursuant to scrip dividend	1,023	–	–	1,023
Dividends (Note 20)	–	–	(2,111)	(2,111)
At 30 June 2021	57,745	–	53,451	111,196
Profit for the year, representing total comprehensive income for the financial year	–	–	1,694	1,694
Issuance of shares, pursuant to scrip dividend	1,907	–	–	1,907
Dividends (Note 20)	–	–	(3,118)	(3,118)
At 30 June 2022	59,652	–	52,027	111,679

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

Consolidated Statement of Cash Flows

For The Financial Year Ended 30 June 2022

	NOTE	GROUP 2022 $'000	GROUP 2021 $'000
Operating activities			
Profit before income tax		48,761	159,403
Adjustments for:			
Loss allowance on trade receivables	31	25	196
Gain on disposal of property, plant and equipment		(22)	(10)
Share of profits from equity-accounted for associates	11	(99)	(3,579)
Depreciation of property, plant and equipment	12	3,885	3,017
Property, plant and equipment written off		547	340
Amortisation of intangible asset	13	21	18
Fair value (gain)/loss of derivative financial instruments	7	(267)	465
Interest expense	6	805	604
Interest income	5	(427)	(108)
Unrealised exchange differences		4,399	3,341
Operating cash flows before movements in working capital		57,628	163,687
Movements in working capital			
Inventories		10,574	(38,685)
Trade and other receivables		19,332	(27,738)
Trade and other payables		(10,249)	16,286
Cash generated from operations		77,285	113,550
Interest paid		(738)	(574)
Income taxes paid		(22,597)	(31,814)
Net cash generated from operating activities		53,950	81,162
Investing activities			
Acquisition of property, plant and equipment	12	(22,080)	(19,677)
Addition of intangible asset	13	(242)	(17)
Interest received		427	108
Proceeds from disposal of property, plant and equipment		133	31
Decrease/(Increase) in fixed deposits pledged to bank	18	6	(12)
Dividend received from an associate		562	682
Net cash used in investing activities		(21,194)	(18,885)
Financing activities			
Drawdown of borrowings		21,658	10,830
Repayment of borrowings		(20,459)	(30,685)
Repayment of lease liabilities	26(a)	(961)	(634)
Issuance of shares pursuant to placement agreement	19	–	18,437
Dividend paid	20	(1,211)	(1,088)
Net cash used in financing activities		(973)	(3,140)
Net increase in cash and cash equivalents		31,783	59,137
Cash and cash equivalents at beginning of financial year		67,797	8,660
Cash and cash equivalents at end of financial year	18	99,580	67,797

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

Consolidated Statement of Cash Flows

For The Financial Year Ended 30 June 2022 (Continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

		CASH MOVEMENT		NON-CASH MOVEMENT			
	1 JULY 2021 $'000	REPAYMENTS $'000	DRAWDOWN $'000	INTEREST EXPENSES $'000	FOREIGN EXCHANGE DIFFERENCES $'000	ACQUISITION $'000	30 JUNE 2022 $'000
Liabilities							
Borrowings	15,260	(20,459)	21,658	–	–	–	16,459
Lease liabilities	1,483	(961)	–	67	(37)	970	1,522

		CASH MOVEMENT		NON-CASH MOVEMENT			
	1 JULY 2020 $'000	REPAYMENTS $'000	DRAWDOWN $'000	INTEREST EXPENSES $'000	FOREIGN EXCHANGE DIFFERENCES $'000	ACQUISITION $'000	30 JUNE 2021 $'000
Liabilities							
Borrowings	35,115	(30,685)	10,830	–	–	–	15,260
Lease liabilities	536	(634)	–	30	180	1,371	1,483

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

Notes to the Financial Statements

For the financial year ended 30 June 2022

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) is incorporated and is domiciled in Singapore. The address of the Company's registered office is 38 Beach Road, #29–11 South Beach Tower, 189767 Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

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

The principal activities of the respective subsidiaries are disclosed in Note 10 to the financial statements.

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 2022 were authorised for issue by the Board of Directors on the date of the directors' statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") including related Interpretations of SFRS(I)s ("**SFRS(I) INTs**") and are prepared on the historical cost basis.

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 the 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.

In the current financial year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 July 2021. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2

In December 2019, the Accounting Standards Council Singapore (the "**ASC**") issued Phase 1 amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and SFRS(I) 1-7 *Financial Instruments: Disclosures to help financial institutes and corporates deal with the potential effects of the uncertainty resulting from the ongoing reform of inter-bank offered rates ("IBOR") and other interest rate benchmarks (the "reform"), including to allow continuity of the hedging accounting relationship, when the entities replace the old interest benchmark with an alternative benchmark rate as a result of the reform, and to enable the entities to continue providing useful information to investors.* Phase 1 amendments are effective for annual periods beginning on or after 1 January 2020 and will cease to be applied at the earlier of when the uncertainty from IBOR reform is no longer present and when the hedging relationship is discontinued.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

In November 2020, ASC amended SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 under its Phase 2 amendments to assist entities in applying the standards when changes are made to contractual cash flows or hedging relationships because of the reform, with an effective date for annual periods beginning on or after 1 January 2021.

The Group adopted the Phase 2 amendments and applied the practical expedient to not consider whether the changes required by the Reform to contractual cash flows of financial instrument measured at amortised cost would result in the derecognition of the financial asset or financial liability. Instead, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate used. The exception applies only to the extent that the change is required by interest rate benchmark reform when both these conditions are met:

a) the change is necessary as a direct consequence of the reform; and

b) the new basis for determining the contractual cash flows as a result of the reform is economically equivalent to the previous basis.

SFRS(I)s and SFRS(I) INTs issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I)s and SFRS(I) INTs that are relevant to the Group were issued but not yet effective:

SFRS (I)	TITLE	EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
SFRS(I) 3	Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 1- 8	Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Various	Annual Improvements to SFRS(I)s 2018-2021	1 January 2022

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

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 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.

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 SFRS(I) 9 *Financial Instruments* 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.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition

The Group is principally in the business of manufacturing and trading of gloves and other medical disposables products such as latex examination gloves, nitrile examination gloves and other ancillary products. Revenue from contracts with its customers is recognised at point in time when or as the Group satisfies a performance obligation by transferring the significant risks and rewards of ownership of the goods generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods and that is allocated to that performance obligation. The goods are transferred when or as the customer obtains control of the goods.

2.5 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.

2.6 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.

The Group participates in the national pension schemes as defined by the laws of PRC. Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

2.7 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.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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.

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 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

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, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.10 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 through other comprehensive income.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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 or valuation of assets, other than freehold land and properties under construction, 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%
• Furniture and fittings	10% to 12%

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 26.

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.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

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

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets

Acquired intangible assets are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have either finite or indefinite useful life.

Intangible assets with finite useful life are amortised over its useful life, using its straight-line method.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Intangible assets with indefinite useful life are not amortised, but tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired. The indefinite useful life of an intangible asset is reviewed at the end of each financial year and where events and circumstances do not continue to support the indefinite useful life assessment for that asset, a change from indefinite to finite useful life is accounted for as a change in accounting estimate and adjusted prospectively.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

<u>Customer base</u>

The customer base was acquired and recognised based on the fair value of consideration paid. This customer base is measured at cost less any accumulated amortisation and any impairment loss as it has definite useful lives of 10 years.

<u>Business licence</u>

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.

<u>Computer software</u>

The computer software was acquired and recognised based on the fair value of consideration paid. This computer software is measured at cost less any accumulated amortisation and any impairment loss as it has definite useful lives of 5 years.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments in associates

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. Distributions received from the associate reduce the carrying amount of the investment.

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.

The Company has accounted for its investments in associates at cost in its separate financial statements.

2.14 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amounts of its non-financial 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, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as revaluation decrease.

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 financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* in Note 2.4.

Financial assets are classified as subsequently measured at amortised cost. The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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.

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

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group applies the simplified approach to recognise the ECL for trade receivables, which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 31.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial 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.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

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. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

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. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans 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 Note 2.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

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.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognised amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 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 and allocated by using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.17 Cash and cash equivalent

Cash and cash equivalents comprise cash on hand, demand deposits and short-term fixed deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.18 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 *Leases*. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within “property, plant and equipment”.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.21 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.

2.22 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based resting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled share options reserve.

Where the grant of equity instruments is cancelled or settled during the vesting period, other than a grant cancelled by forfeiture when the vesting conditions are not satisfied, the Group recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to accumulated profits upon expiry of the option are not mandatory and may be kept as a separate reserve upon expiry or exercise of the option.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

3. 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.

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

Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Determination of significant influence over associate, Unigloves GmbH

The Group held 19.3% of equity interest in one of its associates, Unigloves GmbH as at 30 June 2022. In consideration of the relative voting rights it held in the investee entity, the Group considered both SFRS(I) 1-28 *Investments in Associates and Joint Ventures* and SFRS(I) 10 *Consolidated Financial Statements* to determine whether it held control or just significant influence over Unigloves GmbH. The Group considered factors, including but not limited to, the size of its holding rights relative to the size and dispersion of holdings of the other vote holders, its representation at shareholders' and directors' meetings voting patterns, the composition of key management personnel in Unigloves GmbH, and contractual agreements. Consequently, the Group assessed that it has significant influence over Unigloves GmbH and classified entity as an associate.

3.2 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.

Depreciation of 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 2022 were $66,085,000 (2021: $49,094,000) respectively (Note 12).

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

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 33.

Inventory valuation method

Inventory is measured at the lower of cost and net realisable value. The Group measured cost based on standard costing where standard costs are estimated using unit costs at targeted output levels, including direct materials costs, direct labour costs, and indirect costs. The estimation of standard costs requires the separate estimation of standard costs for direct materials, direct labour, and overhead where judgements are involved on absorption and allocation of cost for each type of inventories. 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. 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. Management estimates the amount of inventories loss as an allowance on inventories to ensure that the inventories amounts recorded are not above their corresponding net realisable value. The carrying amount of the Group's inventories as at 30 June 2022 was $61,834,000 (2021: $72,408,000) respectively (Note 15). There was no allowance made on inventory for the year ended 30 June 2022 and 2021.

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 deferred tax liability as at 30 June 2022 were $5,567,000 (2021: $17,193,000) and $4,824,000 (2021: $4,524,000) respectively.

Recoverability of deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts. Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying amount of the Group's deferred tax assets as at 30 June 2022 was $1,745,000 (2021: $9,768,000) respectively (Note 14).

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (e.g. Singapore, China, Malaysia, Brazil) and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 30 June 2022 is $809,000 (2021: $784,000) (Note 31).

4. REVENUE

	GROUP	
	2022 $'000	2021 $'000
Revenue from contracts with customers:		
- Latex examination gloves	110,496	147,293
- Nitrile examination gloves	115,451	176,427
- Other ancillary products	6,651	14,681
	232,598	338,401

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

4. REVENUE (CONTINUED)

The disaggregation of revenue from contracts with customers is as follows:

	REPORTABLE SEGMENTS											
	LATEX EXAMINATION GLOVES		NITRILE EXAMINATION GLOVES		OTHER ANCILLARY PRODUCTS		TOTAL		INTER-SEGMENT REVENUE		TOTAL	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Geographical markets[(a)]												
Europe	24,986	40,706	141,586	230,666	5,049	15,648	171,621	287,020	(55,611)	(124,275)	116,010	162,745
North America	2,239	2,409	20,153	21,682	1,613	2,361	24,005	26,452	–	–	24,005	26,452
South America	57,864	123,109	6,429	13,678	2,059	5,992	66,352	142,779	(30,645)	(67,140)	35,707	75,639
Africa	16,862	20,206	4,216	5,051	670	691	21,748	25,948	(9,750)	(7,741)	11,998	18,207
Asia	129,246	178,708	67,508	128,693	3,283	4,723	200,037	312,124	(159,286)	(265,651)	40,751	46,473
Malaysia#	2,361	4,429	1,731	4,423	35	33	4,127	8,885	–	–	4,127	8,885
	233,558	369,567	241,623	404,193	12,709	29,448	487,890	803,208	(255,292)	(464,807)	232,598	338,401

(a) The disaggregation is based on the location of customers from which revenue was generated.

Includes revenue from intermediaries that export Group products to overseas market.

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

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

5. OTHER INCOME

	GROUP	
	2022 $'000	2021 $'000
Interest income	427	108
Foreign exchange gain, net	–	993
Gain on disposal of property, plant and equipment	22	–
Others	278	170
	727	1,271

6. FINANCE COSTS

	GROUP	
	2022 $'000	2021 $'000
Interest expenses on:		
- Bank loans	738	574
- Finance leases	67	30
	805	604

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

7. PROFIT BEFORE INCOME TAX

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

	GROUP	
	2022 $'000	2021 $'000
Cost of inventories recognised as expense in cost of sales	95,833	100,060
Audit fees paid to:		
- Auditor of the Company	132	128
- Other auditors	87	79
Non-audit fees paid to other auditors	17	23
Directors' fees of the Company	355	295
Directors' remuneration other than fees of the Company:		
- Salary	493	453
- Bonus and allowances	97	66
- Defined contribution plans	33	39
- Other benefits	6	5
- Profit sharing scheme	2,855	12,540
Staff costs (excluding directors' remuneration)		
- Salary	19,252	19,416
- Defined contribution plans	1,311	1,025
- Other benefits	2,420	2,245
Loss allowance on trade receivables (Note 31)	25	196
Foreign exchange loss, net	2,198	–
Fair value (gain)/loss on financial derivatives	(267)	465

8. INCOME TAX EXPENSE

	GROUP	
	2022 $'000	2021 $'000
Current income tax		
- Current	9,280	38,241
- (Over)/Under-provision in prior years	(516)	237
Deferred income tax		
- Current	24	849
- Under-provision in prior years	175	132
Total income tax expense	8,963	39,459

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2021: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

8. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective tax rate is as follows:

	GROUP	
	2022 $'000	2021 $'000
Profit before income tax	48,761	159,403
Income tax at statutory rate of 17% (2021: 17%)	8,289	27,099
Add/(Less):		
Tax effect of share of results of associates	(17)	(609)
Effect of different tax rates of overseas operations	1,445	12,768
Effect of income not subject to tax	(747)	(327)
(Over)/under-provision of income tax in prior years	(516)	237
Under-provision of deferred tax in prior years	175	132
Effect of non-allowable items	334	420
Utilisation of previously unrecognised tax losses	–	(321)
Others	–	60
Total income tax expense for the financial year	8,963	39,459

9. 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	
	2022 $'000	2021 $'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the Company)	36,795	118,765

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purposes of basic/diluted shares	620,197,769	611,470,884
Earnings per share (cents)		
- basic/diluted	5.93	19.42

The calculations 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.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

10. SUBSIDIARIES

	COMPANY	
	2022	2021
	$'000	$'000
Investments in subsidiaries, at cost	54,621	54,621

The details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES (COUNTRY OF INCORPORATION/OPERATION)	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST HELD BY THE COMPANY	
		2022	2021
		%	%
Held directly by the Company			
N.S. Uni-Gloves Sdn. Bhd. (1) / Malaysia	Manufacturing of rubber gloves	100	100
UG Global Resources Sdn. Bhd. (1) / Malaysia	Manufacturing of rubber gloves	100	100
UG Glovetech Sdn. Bhd. (1) / Malaysia	Investment holding	100	100
Unigloves (Singapore) Pte. Ltd. (2) / Singapore	Investment holding and business and management consultancy services	100	100
UGHC Marketing Pte. Ltd. (2)(9) / Singapore	Distribution of gloves and other medical disposables	100	100
UG Engineering Sdn. Bhd. (1)(10) / Malaysia	Investment holding	100	100
UG Healthcare Sdn. Bhd. (4)(11) / Malaysia	Investment holding	100	–
Held through Unigloves (Singapore) Pte. Ltd.			
Unigloves (UK) Limited (3) / United Kingdom	Distribution of gloves and other medical disposables	55	55
Unigloves Shanghai Co., Ltd. (5) / China	Distribution of gloves and other medical disposables	100	100
Uni-Medical Healthcare Limited (4) / Nigeria	Distribution of gloves and other medical disposables	75	75
UGHC Brasil Importadora LTDA (6)(7) / Brazil	Distribution of gloves and other medical disposables	50	50
优格 (成都) 国际贸易有限公司 (4) / China	Distribution of gloves and other medical disposables	100	100
友利格 (苏州) 国际贸易有限公司 (4)(8) / China	Distribution of gloves and other medical disposables	100	100

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

10. SUBSIDIARIES (CONTINUED)

(1) Audited by another firm of auditors, Crowe Malaysia PLT.
(2) Audited by Mazars LLP, Singapore.
(3) Audited by Kreston Reeves LLP, UK for consolidation purposes.
(4) Not audited as insignificant to the Group.
(5) Audited by overseas member firm of Mazars LLP.
(6) Audited by another firm of auditors, Crowe Consult Consultoria Empresarial for financial year ended 30 June 2022. The subsidiary was audited by a member firm of Mazars LLP for financial year ended 30 June 2021.
(7) As the Group continues to control in UGHC Brasil Importadora LTDA's ("UGHC Brasil") operations and management (including policies and decision making), UGHC Brasil will continue to be treated as a subsidiary for accounting purpose.
(8) In FY2021, a wholly owned subsidiary company, 友利格 (苏州) 国际贸易有限公司 was incorporated in the People's Republic of China.
(9) In FY2021, UGHC Marketing Pte. Ltd. increased its issued and paid-up share capital from S$4,000,000 to S$26,000,000 by allotment of 22,000,000 new ordinary shares at an issue price of S$1.00 per share for the purpose of working capital requirements.
(10) In FY2021, the Company acquired 100% equity interest in UG Engineering Sdn. Bhd. ("UGE") by subscribing 100 ordinary shares of RM1 per share for a cash consideration of RM100 (equivalent to approximate S$33).
UGE was dormant and has no other operating activity since its incorporation on 8 August 2019.
(11) During the financial year, the Company acquired 100% equity interest in UG Healthcare Sdn. Bhd. ("UGHCSB") by subscribing 100 ordinary shares of RM1 per share for a cash consideration of RM100 (equivalent to approximate S$32).
UGHCSB was dormant and has no other operating activity since its incorporation on 17 March 2021.

The Group has the following subsidiaries which have non-controlling interests that are material to the Group:

SUBSIDIARIES	PROPORTION OF OWNERSHIP INTEREST HELD BY NCI		(LOSS)/PROFIT ALLOCATED TO NCI DURING THE FINANCIAL YEAR		ACCUMULATED NCI AT THE REPORTING DATE (INCLUSIVE FOREIGN EXCHANGE DIFFERENCES)	
	2022	2021	2022	2021	2022	2021
	%	%	$'000	$'000	$'000	$'000
UGHC Brasil Importadora LTDA	50	50	(317)	1,034	3,335	3,965
Unigloves (UK) Limited	45	45	4,178	(503)	2,972	(555)

Summarised financial information (before intercompany eliminations):

	UGHC BRASIL IMPORTADORA LTDA		UNIGLOVES (UK) LIMITED	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Assets	45,084	51,344	27,374	67,561
Non-current	4,549	4,699	147	67
Current	40,535	46,645	27,227	67,494
Liabilities	37,637	29,206	19,941	59,684
Non-current	588	668	–	–
Current	37,049	28,538	19,941	59,684
Net assets	7,447	22,138	7,433	7,877
Revenue	35,707	75,639	96,460	11,681
(Loss)/Profit after taxation	(14,103)	15,873	1,003	8,632
Total comprehensive (loss)/income	(14,652)	17,309	232	9,150
Net cash flow from operation	(554)	256	(2,282)	562

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

11. ASSOCIATES

	GROUP 2022 $'000	GROUP 2021 $'000
Unquoted equity shares, at cost	2,415	2,415
Exchange differences	(2,155)	(1,383)
Share of post-acquisition results	10,464	10,365
Dividend received	(4,281)	(3,719)
Carrying amount	6,443	7,678

The details of the associates are as follows:

NAME OF ASSOCIATES (COUNTRY OF INCORPORATION/OPERATION)	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST HELD BY THE COMPANY 2022 %	2021 %
Held through Unigloves (Singapore) Pte. Ltd.			
Unigloves GmbH(2)(3) / Germany	Investment holding	19.3	19.3
UG Healthcare (USA) Inc.(1) / United States	Distribution of gloves and other medical disposables	50.0	50.0
Held through Unigloves GmbH			
Unigloves Arzt- und Klinikbedarf Handelsgesellschaft mbH(2) / Germany	Import and export of medical treatment utilities and one way articles	19.3	19.3
Held through Unigloves Shanghai Co., Ltd.			
Beijing You Li Fu Ming Commercial Trading Co., Ltd(1)(4) / Beijing	Distribution of gloves and other medical disposables	–	–

(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. 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.

(2) As the Group exercises significant influence in Unigloves GmbH's operations and management (including policies and decision making), Unigloves GmbH was treated as an associated company for accounting purpose.

(3) Unigloves GmbH paid out dividend of $562,000 (2021: $682,000) to the Group during the financial year.

(4) The associate was disposed off in May 2021 with Nil consideration. The associate was dormant, with no net asset and liability at the disposal date.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

11. ASSOCIATES (CONTINUED)

Summarised financial information of the Group's associates (based on the SFRS(I)s financial statements)

	UNIGLOVES GMBH AND ITS SUBSIDIARIES		UG HEALTHCARE (USA) INC.		GROUP	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Assets and liabilities:						
Non-current assets	22,534	25,980	–	–		
Current assets	19,203	40,464	1,849	2,172		
Total assets	41,737	66,444	1,849	2,172		
Non-current liabilities	4,762	7,578	103	21		
Current liabilities	7,595	24,033	194	231		
Total liabilities	12,357	31,611	297	252		
Net assets	29,380	34,833	1,552	1,920		
Group's share of associate's net assets/carrying amount of the investment as at 30 June	5,667	6,718	776	960	6,443	7,678
Results						
Revenue	68,573	98,670	9,471	7,511		
Profit/(Loss) for the year from continuing operations	1,631	16,826	(431)	669		
Group's share of associates profit/(loss) for the year	315	3,245	(216)	334	99	3,579

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

12. PROPERTY, PLANT AND EQUIPMENT

GROUP	LEASEHOLD LAND $'000	LEASEHOLD BUILDINGS $'000	PLANT, MACHINERY AND EQUIPMENT $'000	MOTOR VEHICLES $'000	FURNITURE AND FITTINGS $'000	CONSTRUCTION-IN-PROGRESS $'000	RIGHT-OF-USE ASSETS $'000	TOTAL $'000
Cost								
At 1 July 2020	1,871	10,233	30,146	814	1,554	17	828	45,463
Additions	1,702	310	7,197	1,262	184	9,022	1,371	21,048
Reclassifications	–	–	3	–	–	(3)	–	–
Write off	–	–	(444)	(14)	(3)	–	–	(461)
Disposal	–	–	(70)	–	(9)	–	–	(79)
Exchange translation differences	(20)	195	(184)	(53)	15	(67)	22	(92)
At 1 June 2021	3,553	10,738	36,648	2,009	1,741	8,969	2,221	65,879
Additions	1,341	1,306	3,113	182	884	15,254	970	23,050
Write off	–	–	(742)	–	(3)	–	–	(745)
Disposal	–	(95)	(31)	–	(11)	–	–	(137)
Exchange translation differences	(119)	(183)	(994)	(11)	(69)	(524)	(104)	(2,004)
At 30 June 2022	4,775	11,766	37,994	2,180	2,542	23,699	3,087	86,043
Accumulated depreciation:								
At 1 July 2020	(316)	(977)	(10,858)	(610)	(815)	–	(371)	(13,947)
Depreciation	(73)	(207)	(1,759)	(249)	(184)	–	(545)	(3,017)
Write off	–	–	104	14	3	–	–	121
Disposal	–	–	49	-	9	–	–	58
Exchange translation differences	(53)	(9)	64	17	(10)	–	(9)	–
At 30 June 2021	(442)	(1,193)	(12,400)	(828)	(997)	–	(925)	(16,785)
Depreciation	(78)	(283)	(2,029)	(376)	(258)	–	(861)	(3,885)
Write off	–	–	195	–	3	–	–	198
Disposal	–	–	15	–	11	–	–	26
Exchange translation differences	13	28	354	9	39	–	45	488
At 30 June 2022	(507)	(1,448)	(13,865)	(1,195)	(1,202)	–	(1,741)	(19,958)
Carrying amount:								
At 30 June 2022	4,268	10,318	24,129	985	1,340	23,699	1,346	66,085
At 30 June 2021	3,111	9,545	24,248	1,181	744	8,969	1,296	49,094

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The leasehold land and buildings of the Group with carrying amount of $7,850,000 (2021: $6,493,000) are pledged to secure the bank borrowings (Note 24).

Certain motor vehicles with carrying amount of $151,871 (2021: $216,524) were acquired under finance lease arrangements (Note 26) and are registered under the name of subsidiary.

In FY2021, UG Engineering Sdn. Bhd., a subsidiary of the Group, acquired a piece of land which located in Seremban, Malaysia from a third party for a cash consideration of RM5,000,000 (equivalent to approximate $1,644,765) (the "**Land**"). The Land is used for the Group's business expansion.

During the financial year, UG Healthcare Sdn. Bhd., a subsidiary of the Group, acquired a piece of land which located in Seremban, Malaysia from a third party for a cash consideration of RM4,000,000 (equivalent to approximate $1,288,368) (the "**Land**"). The Land is used for the construction of a centralised workers accommodation for the Group.

Effects of the additions of property, plant and equipment on cash flows:

	GROUP	
	2022	**2021**
	$'000	**$'000**
Total additions during the year	23,050	21,048
Additions on right-of-use assets	(970)	(1,371)
Net cash outflow on addition of property, plant and equipment	22,080	19,677

13. INTANGIBLE ASSETS

	GROUP	
	2022	**2021**
	$'000	**$'000**
Business license (i)	184	184
Computer software (ii)	263	42
Customer base (iii)	29	37
	476	263

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

(ii) This pertains to the acquisition of computer software by subsidiaries in Brazil and Malaysia.

(iii) This pertains to the acquisition of customer base by subsidiaries in the United Kingdom and Shanghai.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

13. INTANGIBLE ASSETS (CONTINUED)

Movement of the intangible assets:

	GROUP	
	2022 $'000	2021 $'000
Cost:		
Balance at 1 July	344	325
Addition	242	17
Exchange translation differences	(20)	2
Balance at 30 June	566	344
Accumulated amortisation:		
Balance at 1 July	(81)	(63)
Amortisation	(21)	(18)
Exchange translation differences	12	–
Balance at 30 June	(90)	(81)
Carrying Amount:		
At 30 June	476	263

During the financial year, one of the subsidiaries in Malaysia acquired computer software amounted to $242,000 (2021: $Nil).

14. DEFERRED TAX

	GROUP	
	2022 $'000	2021 $'000
Deferred tax assets	1,745	9,768
Deferred tax liabilities	(4,824)	(4,524)

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

14. DEFERRED TAX (CONTINUED)

Movements in deferred tax assets/(liabilities) of the Group during the financial year are as follows:

GROUP	ACCELERATED TAX DEPRECIATION $'000	UNABSORBED CAPITAL ALLOWANCES AND TAX LOSSES (NOTE a) $'000	OTHERS (NOTE c) $'000	TOTAL $'000
Deferred tax assets				
At 30 June 2020	(3)	321	–	318
Credited to profit or loss	–	(228)	9,672	9,444
Exchange translation differences	–	6	–	6
At 30 June 2021	(3)	99	9,672	9,768
Credited to profit or loss	3	(99)	(7,927)	(8,023)
At 30 June 2022	–	–	1,745	1,745

GROUP	ACCELERATED TAX DEPRECIATION $'000	UNABSORBED CAPITAL ALLOWANCES AND TAX LOSSES $'000	FAIR VALUE ADJUSTMENT OF ASSETS ACQUIRED (NOTE b) $'000	TOTAL $'000
Deferred tax liabilities				
At 30 June 2020	(2,669)	322	(795)	(3,142)
Charged to profit or loss	(982)	(390)	–	(1,372)
Exchange translation differences	20	(30)	–	(10)
At 30 June 2021	(3,631)	(98)	(795)	(4,524)
Charged to profit or loss	(199)	(212)	–	(411)
Exchange translation differences	108	3	–	111
At 30 June 2022	(3,722)	(307)	(795)	(4,824)

(a) Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

(b) The deferred tax liability is recognised in the financial year ended 30 June 2019 in respect to the acquisition of a warehouse in Brazil.

(c) Others pertains to deferred tax assets calculated from unrealised profit from inventories.

15. INVENTORIES

	GROUP 2022 $'000	GROUP 2021 $'000
Finished goods	51,160	60,107
Work-in-progress	6,674	8,631
Raw materials	4,000	3,670
	61,834	72,408

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, interest free, repayable on demand and denominated in Singapore dollar.

17. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade receivables				
- third parties	27,841	34,989	–	–
- associates	4,144	16,792	–	–
Less: loss allowance (Note 31)	(809)	(784)	–	–
	31,176	50,997	–	–
Other receivables				
- third parties	6,341	5,818	219	219
- related parties	–	27	–	27
Prepayments	3,389	3,793	105	71
Total trade and other receivables	40,906	60,635	324	317

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 180 days (2021: 30 to 180 days). They are recognised at the transaction price which represent their fair value on initial recognition.

Amounts due from related parties are unsecured, interest-free and repayable on demand.

The details of the impairment of trade and other receivables and credit exposures are disclosed in Note 31.

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

	GROUP		COMPANY	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
United States dollar ("USD")	8,682	21,681	–	9
Chinese Yuan Renminbi ("CNY/CNH")	2,108	1,707	–	–
Pound sterling ("GBP")	3,967	13,990	–	–
Brazilian Real ("BRL")	21,531	15,041	–	–
Malaysian ringgit ("MYR")	1,796	4,109	–	–
Singapore dollar ("SGD")	419	609	324	308
Others	2,403	3,498	–	–
	40,906	60,635	324	317

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

18. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash and bank balances	17,331	67,204	729	11,446
Fixed deposits	82,887	1,237	31,359	–
Cash and cash equivalents	100,218	68,441	32,088	11,446

Fixed deposits bear interest at an average rate of 1.78% (2021: 1.54%) per annum and are for a tenure of period ranging from 15 to 365 days (2021: 15 to 365 days).

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

	GROUP		COMPANY	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
USD	57,192	27,240	4,424	58
CNY/CNH	28,011	11,377	19,676	–
GBP	1,619	5,034	–	–
BRL	139	842	–	–
MYR	3,419	3,007	–	–
SGD	8,370	19,126	7,988	11,388
Others	1,468	1,815	–	–
	100,218	68,441	32,088	11,446

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	GROUP	
	2022 $'000	2021 $'000
Cash and bank balances	100,218	68,441
Fixed deposits pledged to financial institution	(638)	(644)
Cash and cash equivalents	99,580	67,797

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

19. SHARE CAPITAL

	GROUP AND COMPANY	
	NO. OF SHARES ('000)	$'000
At 1 July 2020	196,093	37,870
Issuance of shares pursuant to the placement agreement (a)	7,500	18,437
Issuance of shares pursuant to the exercise of share option (b)	1,400	415
Share split of every 1 existing ordinary share into 3 ordinary shares (c)	409,986	–
Issuance of shares pursuant to scrip dividend (Note 20) (d)	1,280	1,023
At 30 June 2021	616,259	57,745
Issuance of shares pursuant to scrip dividend (Note 20) (e)	7,567	1,907
At 30 June 2022	623,826	59,652

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.

(a) In FY2021, the Company has allotted 7,500,000 fully paid-up ordinary shares in the capital of the Company at the placement price of $2.545. The incremental costs of $650,625 directly attributable to the placement is deducted from equity.

(b) In FY2021, the Company had issued and allotted an aggregate of 1,400,000 new ordinary shares in the capital of the Company pursuant to the exercise of 1,400,000 options granted under the Unigloves Employee Share Option Scheme, at the exercise price of $0.1816 per new share.

(c) In FY2021, the Company completed the share split every one (1) existing share into three (3) shares. Following the completion of the share split, an additional 409,985,712 shares allotted and issued.

(d) In FY2021, the Company had issued and allotted an aggregate of 1,280,184 new ordinary shares in the capital of the Company issued at the issue price of $0.799 per share.

(e) During the financial year, the Company had issued and allotted an aggregate of 7,567,059 new ordinary shares in the capital of the Company issued at the issue price of $0.252 per share.

20. DIVIDENDS

In FY2021, the Company declared and paid a final tax-exempt dividend of $0.00714 per ordinary share in respect of the financial year ended 30 June 2020, of which $1,022,867 were paid out via issuance of 1,280,184 new ordinary shares (Note 19) and remaining $440,782 were paid out via cash. These newly issued shares rank pari passu in all respects with the then existing ordinary shares.

In FY2021, the Company declared and paid a special tax-exempt dividend of $0.00105 per ordinary share in respect of the financial year ended 30 June 2021, of which $647,072 were paid out via cash.

During the financial year, the Company declared and paid a final tax-exempt dividend of $0.00406 per ordinary share in respect of the financial year ended 30 June 2021, of which $1,906,898 were paid out via issuance of 7,567,059 new ordinary shares (Note 19) and remaining $595,029 were paid out via cash. These newly issued shares rank pari passu in all respects with the then existing ordinary shares.

During the financial year, the Company declared and paid a special tax-exempt dividend of $0.00100 per ordinary share in respect of the financial year ended 30 June 2021, of which $616,259 were paid out via cash.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

21. RESERVES

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".

Share-based payment reserve

The share-based payment reserve represents the cumulative value of services received for the issuance of the options and shares under the Unigloves Employee Share Option Scheme.

In FY2021, the share options of 1,570,000 shares, of which 1,400,000 shares were exercised and the remaining 170,000 shares were forfeited (Note 22).

22. SHARE BASED PAYMENTS

On 28 August 2015 (the "Date of Grant"), a batch of share options were granted to management and confirmed employees under the Unigloves Employee Share Option Scheme (the "Scheme"). Options were granted at the exercise price of $0.1816 per share. The options are exercisable at first year of vesting being after two (2) years from the Date of Grant.

There are no outstanding share options of under the Scheme as at 30 June 2022 and 30 June 2021.

In FY2021, the share options of 1,570,000 shares, of which 1,400,000 shares were exercised and the remaining 170,000 shares were forfeited.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP			
	2022 ASSETS $'000	2022 LIABILITIES $'000	2021 ASSETS $'000	2021 LIABILITIES $'000
Forward foreign exchange contracts	–	(98)	–	(312)

The Group is a party to foreign currency forward contracts to manage its foreign exchange exposures arising from its foreign currency denominated business transactions. The settlement dates on forward currency contracts range between 30 to 365 days (2021: 180 to 365 days).

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2022 $'000	2021 $'000
Forward foreign exchange contracts:		
- USD	23,510	31,453
- GBP	8,782	8,720

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

	AVERAGE CONTRACTED RATE		NOTIONAL VALUE		FAIR VALUE	
	2022	2021	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Sell USD, buy MYR	4.27	4.13	32,262	42,384	(962)	(325)
Sell GBP, buy USD	1.29	1.38	15,364	16,222	864	13

The fair values are measured based on estimated valuation derived from market quotation (Note 33).

24. BANK BORROWINGS

	GROUP	
	2022 $'000	2021 $'000
Secured bank loans[(1)]	14,081	9,292
Secured export invoice financing[(2)]	821	2,648
Secured import and local purchase financing[(3)]	1,472	3,161
Consortium loans[(4)]	85	159
Total	16,459	15,260
Less :		
Amount due for settlement within 12 months[(5)]	(6,186)	(9,957)
Amount due for settlement after 12 months	10,273	5,303

(1) The weighted average effective interest rates of the Group's secured bank loans are ranging from 3.00% to 5.00% (2021: 2.50% to 4.00%) and are secured as follows:

(i) legal charges on the leasehold land and buildings;
(ii) guarantees from the Company;
(iii) debentures over certain production lines; and
(iv) keyman insurance

Secured bank loans of $616,682 (2021: $816,705) and $3,121,942 (2021: $3,906,876) are repayable over 5 years commencing from 24 June 2020 and 22 July 2020 respectively. Interest rate charged is ranging from 2.75% - 3.00% (2021: 2.75% - 3.00%) per annum. The secured bank loans are secured by corporate guarantees from its holding company.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

24. BANK BORROWINGS (CONTINUED)

(2) The export invoice financing is repayable from 1 to 180 days (2021: 1 to 180 days). The interest rate for export invoice refinancing is 1.75% (2021: 1.75%) per annum over London Inter Bank Offer Rate ("**LIBOR**") prevailing from time to time or 1.75% (2021: 1.75%) per annum over the Bank's cost of funds as determined by the bank on the day of transaction, whichever is the higher. Corporate guarantee is given by the Company.

(3) The import and local purchase financing are repayable from 1 to 180 days (2021: 1 to 180 days). The interest rate for Foreign Currency Invoice Financing ("**FCIF**") is 1.50% (2021: 1.50%) per annum over the Bank's Cost of Funds for the respective foreign currencies or such other rate as determined by the Bank from time to time for import bills. The interest rate for Foreign Currency Trade Finance ("**FCTF**") is 1.50% (2021: 1.50%) per annum above the US Prime Rate on the date of drawdown and the Bank's cost of maintaining statutory and liquidity reserves (if any) or such other rates as the Bank may in its absolute discretion determine. Corporate guarantee is given by the Company.

(4) The consortium loans' terms range from 1 to 5 years and on a fixed repayment basis. The weighted average effective interest rate of the consortium is 14.50% (2021: 14.50%).

(5) The amount, shown under current liabilities, consists of secured banks loans of $3,840,000 (2021: $4,081,000), secured export invoice financing of $820,000 (2021: $2,648,000), secured import and local invoice financing of $1,472,000 (2021: $3,161,000) and consortium of $54,000 (2021: $67,000).

The weighted average effective interest rate for bank borrowings is 4.09% (2021: 2.66%).

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

The currency profiles of the Group's borrowings as at 30 June are as follows:

	GROUP	
	2022 $'000	2021 $'000
USD	2,292	5,809
MYR	10,343	4,569
SGD	3,739	4,723
BRL	85	159
	16,459	15,260

25. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables				
- third parties	13,025	13,890	–	–
Other payables				
- third parties	5,298	8,254	49	366
- related parties	–	243	–	243
Accrued expenses	6,183	12,368	1,589	5,996
Total trade and other payables	24,506	34,755	1,638	6,605

Trade payables are unsecured, interest-free and with the credit term ranging from 21 to 90 days (2021: 21 to 90 days).

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

25. TRADE AND OTHER PAYABLES (CONTINUED)

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

Amounts due to related parties are unsecured, interest-free and repayable on demand.

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

	GROUP		COMPANY	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
USD	9,119	8,765	–	–
CNY/CNH	578	300	–	–
GBP	1,410	1,553	–	–
BRL	381	355	–	–
MYR	10,271	15,076	–	–
SGD	2,210	6,902	1,638	6,605
Others	537	1,804	–	–
	24,506	34,755	1,638	6,605

26. THE GROUP AS A LESSEE

The Group leases office premises and certain employee hostels for one to five years and motor vehicles for one to four years.

Recognition exemptions

The Group has certain office premises and employee hostels with lease terms of 12 months or less. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

26(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment as follows:

	LEASEHOLD LAND AND BUILDINGS $'000	MOTOR VEHICLES $'000	TOTAL $'000
Group			
At 1 July 2020	446	11	457
Additions	1,181	190	1,371
Depreciation	(496)	(49)	(545)
Exchange translation differences	13	–	13
At 30 June 2021	1,144	152	1,296
Additions	970	–	970
Depreciation	(801)	(60)	(861)
Exchange translation differences	(54)	(5)	(59)
At 30 June 2022	1,259	87	1,346

The total cash outflow for leases during the financial year ended 30 June 2022 is $961,000 (2021: $634,000).

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

26. THE GROUP AS A LESSEE (CONTINUED)

26(b) Lease liabilities

	GROUP 2022 $'000	GROUP 2021 $'000
Lease liabilities - non-current	724	749
Lease liabilities - current	798	734
	1,522	1,483

The maturity analysis of lease liabilities is disclosed in Note 31.

26(c) Amounts recognised in profit or loss

	GROUP 2022 $'000	GROUP 2021 $'000
Interest expense on lease liabilities	67	30
Expense relating to short-term leases	–	226

27. CAPITAL COMMITMENTS

	GROUP 2022 $'000	GROUP 2021 $'000
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and Equipment	3,475	8,207

28. CONTINGENT LIABILITIES

	GROUP 2022 $'000	GROUP 2021 $'000	COMPANY 2022 $'000	COMPANY 2021 $'000
Bank guarantee given to third parties for utility supplies to a subsidiary	6,670	2,904	–	–
Corporate guarantee given to banks for bank facilities granted to subsidiaries	–	–	127,180	101,917
	6,670	2,904	127,180	101,917

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

During the financial year, the Company had also given undertakings to certain subsidiaries (Note 10) to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the previous financial year end.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

29. 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).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting 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 entered into the following transactions with related parties:

	2022 $'000	2021 $'000
Sales to associates	23,370	54,828

Compensation of executive directors and key management personnel

	2022 $'000	2021 $'000
Short-term benefits	3,695	13,481
Defined contribution plans	54	58
	3,749	13,539

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

30. 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, Brazil, Germany, the United Kingdom, China and the 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 income 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.

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

	2022 $'000	2021 $'000
Revenue		
Total revenue for reportable segments	491,179	853,494
Elimination of inter-segment revenue	(258,581)	(515,093)
Total revenue	232,598	338,401
Profit or loss		
Total profit or loss for reportable segments	48,662	155,824
Share of profits from equity-accounted for associates	99	3,579
Profit before income tax	48,761	159,403
Assets		
Total assets for reportable segments	281,596	260,609
Investments in associates	6,443	7,678
Total assets	288,039	268,287
Liabilities		
Total liabilities for reportable segments	52,976	73,527
Total liabilities	52,976	73,527

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

30. SEGMENT INFORMATION (CONTINUED)

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

Business Segments

REVENUE	2022		2021	
	$'000	(%)	$'000	(%)
Latex examination gloves	110,496	47	147,293	44
Nitrile examination gloves	115,451	50	176,427	52
Other ancillary products	6,651	3	14,681	4
Total	232,598	100	338,401	100

GROSS PROFIT	2022		2021	
	$'000	(%)	$'000	(%)
Latex examination gloves	39,924	47	92,932	47
Nitrile examination gloves	43,828	52	99,922	51
Other ancillary products	634	1	3,306	2
Total	84,386	100	196,160	100

GROSS PROFIT MARGIN	2022	2021
	(%)	(%)
Latex examination gloves	36.1	63.1
Nitrile examination gloves	38.0	56.6
Other ancillary products	9.5	22.5
Overall	36.3	58.0

Geographic information

Revenues from external customers

	2022	2021
	$'000	$'000
Europe	116,010	162,745
North America	24,005	26,452
South America	35,707	75,639
Africa	11,998	18,207
Asia	40,751	46,473
Malaysia#	4,127	8,885
	232,598	338,401

Includes revenue from intermediaries that export our products to overseas market.

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

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

30. SEGMENT INFORMATION (CONTINUED)

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

Geographical information (Continued)

Location of non-current assets

	EUROPE $'000	NORTH AMERICA $'000	SOUTH AMERICA $'000	AFRICA $'000	ASIA $'000	TOTAL $'000
2022						
Non-current assets	6,301	776	4,549	2,343	60,780	74,749
2021						
Non-current assets	6,964	960	4,699	1,353	52,827	66,803

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

Major customers

Revenue from one major customer amounted to approximately $19,028,967 (2021: $50,451,019) which is derived from a mixture of segments.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. 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.

Credit risk

Credit risk refers 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's major classes of financial assets are bank balances and trade and other receivables.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

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

To assess and manage its credit risks, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

CATEGORY	DESCRIPTION	BASIS OF RECOGNISING ECL
1	Low credit risks [Note 1]	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition [Note 2] or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired [Note 3]	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount [Note 4]	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

With reference to Note 28, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

As at the end of the financial year, the total amount of loans outstanding covered by the guarantees is $4,559,000 (2021: $7,046,000). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest payments when due in accordance with the terms of borrowings. There has been no default or non-repayment since the utilisation of the banking facilities.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 17)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (eg. Singapore, China, Malaysia, Brazil) and the growth rates of the major industries which its customers operate in.

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables is determined as follows:

	CURRENT	PAST DUE MORE THAN 1 TO 90 DAYS	PAST DUE MORE THAN 91 TO 180 DAYS	PAST DUE MORE THAN 180 DAYS	TOTAL
30 June 2022					
Expected credit loss rates	–	–	–	39.8%	
Trade receivables (gross) ($'000)	23,765	3,821	2,368	2,031	31,985
Loss allowance ($'000)	–	–	–	809	809
30 June 2021					
Expected credit loss rates	–	–	–	47.5%	
Trade receivables (gross) ($'000)	44,195	3,647	2,287	1,652	51,781
Loss allowance ($'000)	–	–	–	784	784

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Amounts due from subsidiaries (Note 16) and other receivables (Note 17)

As of 30 June 2022, the Company recorded amounts due from subsidiaries of $26,406,000 (30 June 2021: $51,619,000). The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 30 June 2022, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

As of 30 June 2022, the Group and the Company recorded other receivables of $6,341,000 and $219,000 (2021: $5,845,000 and $246,000) respectively. The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry and country which the counterparties operates in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

The Group's and the Company's exposure to credit risk in respect of the trade receivables and other receivables is as follows:

GROUP	TRADE RECEIVABLES		OTHER RECEIVABLES	
INTERNAL CREDIT RISK GRADING	NOTE (i) $'000	TOTAL $'000	CATEGORY 2 $'000	TOTAL $'000
Loss allowance				
Balance at 1 July 2020	588	588	–	–
Impairment loss recognised	196	196	–	–
Balance at 30 June 2021	784	784	–	–
Impairment loss recognised	25	25	–	–
Balance at 30 June 2022	809	809	–	–
Gross carrying amount				
At 30 June 2021	51,781	51,781	5,845	5,845
At 30 June 2022	31,985	31,985	6,341	6,341
Net carrying amount				
At 30 June 2021	50,997	50,997	5,845	5,845
At 30 June 2022	31,176	31,176	6,341	6,341

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Amounts due from subsidiaries (Note 16) and other receivables (Note 17) (Continued)

COMPANY	AMOUNTS DUE FROM SUBSIDIARIES		OTHER RECEIVABLES	
INTERNAL CREDIT RISK GRADING	CATEGORY 1	TOTAL	CATEGORY 2	TOTAL
	$'000	$'000	$'000	$'000
Gross carrying amount/Net carrying amount				
At 1 July 2021	51,619	51,619	246	246
At 30 June 2022	26,406	26,406	219	219

Note (i) For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where loss allowance is equal to lifetime ECL.

Market risk

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 risk.

Foreign currency risk

The Group is exposed to foreign currency risk on certain income, expenses, monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective entities in the Group. As at the reporting date, the Group and Company do not have significant foreign currency risk exposure except for the financial assets and liabilities denominated in USD and SGD. 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 and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Monetary assets				
USD	6,115	892	4,424	67
CNY/CNH	26,920	10,001	19,676	–
SGD	470	8,028	–	–
Monetary liabilities				
USD	(6,125)	(6,723)	–	–
SGD	(4,305)	(5,008)	–	–

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to USD, CNY/CNH and SGD.

The following table details the Group's sensitivity to a 5% (2021: 5%) increase or decrease in the relevant foreign currencies against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 5% (2021: 5%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

	INCREASE/(DECREASE) PROFIT BEFORE INCOME TAX			
	GROUP		COMPANY	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
USD				
Strengthens	–	(292)	221	3
Weakens	–	292	(221)	(3)
CNY/CNH				
Strengthens	1,346	500	984	–
Weakens	(1,346)	(500)	(984)	–
SGD				
Strengthens	(192)	151	–	–
Weakens	192	(151)	–	–

Interest rate risk

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 interest rate risk arises primarily from the floating rate borrowings with financial institutions.

The Group's exposures to interest rate risk are disclosed in Note 24 to the financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risk (Continued)

Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk 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% (2021: 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	
	2022 $'000	2021 $'000
Bank borrowings		
Increase	(165)	(153)
Decrease	165	153

In view of the reform of major interest rate benchmarks that is being undertaken globally, the Group monitors and manages its potential transition to alternative rates, as applicable. The Group evaluates the contracts that could be affected, and takes a proactive approach in approaching the relevant counterparties to discuss and assess the potential impact on the Group.

As of 30 June 2022, in relation to the aforementioned, the Group is mainly exposed to non-derivative financial liabilities in the form of secured export invoice financing indexed to LIBOR. The Group is still in the process of communicating with the counterparties in order to obtain the advice in relation to the changes for the interest rate.

The following table contains details of all the financial instruments that the Group hold as at 30 June 2022 that have cash flows that will be affected by the interest rate benchmark reform as they have not yet transitioned to new benchmark rates.

FINANCIAL INSTRUMENTS PRIOR TO TRANSITION	FINANCIAL INSTRUMENT MATURITY YEAR	CARRYING AMOUNT/ NOTIONAL AMOUNT $'000	FAIR VALUE $'000	TRANSITION PROGRESS TO NEW BENCHMARK RATES
Group				
Non derivative financial instrument				
Secured export invoice financing (Note 24)	November 2022	821,000	Not applicable	Not transited

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk

Liquidity risk refers to the risk 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.

	GROUP			
	EFFECTIVE INTEREST RATE %	LESS THAN 1 YEAR $'000	2 TO 5 YEARS $'000	TOTAL $'000
Financial assets and derivative financial instruments				
Cash and cash equivalents	1.78	100,218	–	100,218
Trade and other receivables	–	37,517	–	37,517
As at 30 June 2022		137,735	–	137,735
Cash and cash equivalents	1.54	68,441	–	68,441
Trade and other receivables	–	56,842	–	56,842
As at 30 June 2021		125,283	–	125,283
Financial liabilities and derivative financial instruments				
Trade and other payables	–	24,506	–	24,506
Bank borrowings	4.09	6,543	11,198	17,741
Derivative financial instruments	–	98	–	98
Lease liabilities		902	727	1,629
As at 30 June 2022		32,049	11,925	43,974
Trade and other payables	–	34,755	–	34,755
Bank borrowings	2.66	10,275	5,481	15,756
Derivative financial instruments	–	312	–	312
Lease liabilities		772	769	1,541
As at 30 June 2021		46,114	6,250	52,364
Total net assets/(liabilities)				
As at 30 June 2022		105,686	(11,925)	93,761
As at 30 June 2021		79,169	(6,250)	72,919

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk (continued)

	COMPANY			
	EFFECTIVE INTEREST RATE %	LESS THAN 1 YEAR $'000	2 TO 5 YEARS $'000	TOTAL $'000
Financial assets and derivative financial instruments				
Cash and cash equivalents	–	32,088	–	32,088
Amounts due from subsidiaries	–	26,406	–	26,406
Trade and other receivables	–	219	–	219
As at 30 June 2022		58,713	–	58,713
Cash and cash equivalents	–	11,446	–	11,446
Amounts due from subsidiaries	–	51,619	–	51,619
Trade and other receivables	–	246	–	246
As at 30 June 2021		63,311	–	63,311
Financial liabilities and derivative financial instruments				
Trade and other payables	–	1,638	–	1,638
Maximum amounts of financial guarantees	–	4,559	–	4,559
As at 30 June 2022		6,197	–	6,197
Trade and other payables	–	6,605	–	6,605
Maximum amounts of financial guarantees	–	7,046	–	7,046
As at 30 June 2021		13,651	–	13,651
Total net assets/(liabilities)				
As at 30 June 2022		52,516	–	52,516
As at 30 June 2021		49,660	–	49,660

The Group's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required. The repayment terms of the bank borrowings are disclosed in Notes 24 to these financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

32. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	GROUP	
	2022	2021
	$'000	$'000
Financial assets		
Trade and other receivables (excluding prepayments)	37,517	56,842
Cash and cash equivalents	100,218	68,441
Financial assets measured at amortised cost	137,735	125,283
Financial liabilities		
Trade and other payables	24,506	34,755
Bank borrowings	16,459	15,260
Lease liabilities	1,522	1,483
Financial liabilities measured at amortised cost	42,487	51,498

	COMPANY	
	2022	2021
	$'000	$'000
Financial assets		
Amounts due from subsidiaries	26,406	51,619
Trade and other receivables (excluding prepayments)	219	246
Cash and cash equivalents	32,088	11,446
Financial assets measured at amortised cost	58,713	63,311
Financial liabilities		
Trade and other payables	1,638	6,605
Financial liabilities measured at amortised cost	1,638	6,605

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

33. 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) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

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.

The table below analyses the Group's assets and liabilities that are measured at fair value on a recurring basis in the statement of financial position after initial recognition.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000
Recurring fair value measurements			
As at 30 June 2022			
Derivative financial liabilities (Note 23)	–	(98)	–
As at 30 June 2021			
Derivative financial liabilities (Note 23)	–	(312)	–

Level 2 - Derivative financial instruments

Valuation techniques with market observable inputs are used for the determination of the fair values of foreign currency forward contracts. The fair values of forward currency contracts are determined based on dealer quotes at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 30 June 2022 (Continued)

34. 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 2022.

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.

	2022 $'000	2021 $'000
Net debt	(59,253)	(18,426)
Total equity	228,900	190,636
Total capital	N.M.	N.M.
Gearing ratio	N.M.	N.M.

The Group is in compliance with all externally imposed capital requirements for the financial year ended 30 June 2022 and 2021.

N.M. – Not meaningful

35. EVENTS SUBSEQUENT TO REPORTING DATE

On 25 August 2022, the Company recommended a final tax-exempt dividend in respect of the financial year ended 30 June 2022 of $0.00320 per ordinary share, whereby $1,996,243 will be paid out via cash and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

On 25 August 2022, the Company recommended a special tax-exempt dividend in respect of the financial year ended 30 June 2022 of $0.00320 per ordinary share, whereby $1,996,243 will be paid out via cash and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

Shareholders' Statistics

As At 19 September 2022

ISSUED AND FULLY PAID-UP CAPITAL	:	S$61,616,154.57*
NUMBER OF SHARES ISSUED	:	623,825,811
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE
NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	NIL

Note:

* This is based on records kept with the Accounting and Corporate Regulatory Authority and differs from the accounting records of S$59,651,669 due to certain issue expense.

DISTRIBUTION OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	PERCENTAGE (%)	NUMBER OF SHARES	PERCENTAGE (%)
1 - 99	96	2.38	3,114	0.00
100 - 1,000	210	5.22	123,632	0.02
1,001 - 10,000	1,680	41.73	10,274,166	1.65
10,001 - 1,000,000	2,018	50.12	99,558,808	15.96
1,000,001 & above	22	0.55	513,866,091	82.37
TOTAL	4,026	100.00	623,825,811	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE (%)
ZEN UG PTE. LTD.	156,537,713	25.09
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	147,582,029	23.66
RAYDION DIRECT GLOBAL INC	76,873,127	12.32
WONG SEE KEONG	29,387,243	4.71
PHILLIP SECURITIES PTE LTD	18,547,957	2.97
CITIBANK NOMINEES SINGAPORE PTE LTD	13,041,752	2.09
OCBC SECURITIES PRIVATE LTD	11,639,605	1.87
ANG BENG TECK	11,146,442	1.79
DBS NOMINEES PTE LTD	9,422,015	1.51
IFAST FINANCIAL PTE LTD	6,255,305	1.00
HENG SIEW ENG	5,460,200	0.88
RAFFLES NOMINEES (PTE) LIMITED	4,396,006	0.70
MAYBANK SECURITIES PTE. LTD.	4,289,238	0.69
LEE JUN YIH	2,845,063	0.46
JACK INVESTMENT PTE LTD	2,584,800	0.41
LIM OON HOCK OR LEW MOE KIEN	2,345,295	0.38
CHEN JIE	2,272,300	0.36
HONG LEONG FINANCE NOMINEES PTE LTD	2,232,666	0.36
LEE JUN LINN	2,217,089	0.36
TIGER BROKERS (SINGAPORE) PTE. LTD.	1,941,823	0.31
	511,017,668	81.92

Shareholders' Statistics

As At 19 September 2022

SUBSTANTIAL SHAREHOLDERS AS AT 19 SEPTEMBER 2022

(As recorded in the Register of Substantial Shareholders)

NAME	NUMBER OF SHARES HELD DIRECT INTEREST	NUMBER OF SHARES HELD DEEMED INTEREST	TOTAL NUMBER OF SHARES HELD	PERCENTAGE (%)
Zen UG Pte. Ltd.[(1)(2)]	156,537,713	141,318,282	297,855,995	47.75
Raydion Direct Global Inc[(1)]	76,873,127	–	76,873,127	12.32
Lee Keck Keong	–	374,729,122	374,729,122	60.07
Sim Ai Cheng[(3)]	–	374,729,122	374,729,122	60.07
Lee Jun Yih	2,845,063	374,729,122	377,574,185	60.53
Lee Jun Linn	2,217,089	374,729,122	376,946,211	60.43

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. and Raydion Direct Global Inc by virtue of Section 7 of the Companies Act.

(2) Zen UG Pte. Ltd. is deemed to be interested in 141,318,282 shares of the Company registered under CGS-CIMB Securities (Singapore) Pte. Ltd.

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

(4) Any minor discrepancies in the percentage of shares are due to rounding.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information provided and to the best knowledge of the Directors, approximately 34.41% of the issued ordinary shares of the Company is held in the hands of the public as at 19 September 2022 and therefore Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited is complied with.

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 @ One Orchard, One Orchard Road, Singapore 238824 on Friday, 28 October 2022 at 9.30 a.m. (the "**AGM**") to transact the following business: -

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Auditors' Report thereon.

   [Resolution 1]

2. To declare a special dividend of S$0.00320 per ordinary share one-tier tax-exempt for the financial year ended 30 June 2022 (2021: special dividend S$0.00100).

   [Explanatory Note (1)] **[Resolution 2]**

3. To declare a final dividend of S$0.00320 per ordinary share one-tier tax exempt for the financial year ended 30 June 2022 (2021: final dividend S$0.00406).

   [Explanatory Note (2)] **[Resolution 3]**

4. To re-elect the following Directors who are retiring pursuant to Regulation 104 of the Company's Constitution:

   Mr Yip Wah Pung
   [Explanatory Note (3)] **[Resolution 4]**

   Mr Lee Keck Keong **[Resolution 5]**

5. To approve the payment of Directors' fees of S$105,131.00 for the financial year ending 30 June 2023 (FY2022: S$89,293.00).

   [Resolution 6]

6. To re-appoint Messrs Mazars LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   [Resolution 7]

7. To transact any other ordinary business which may be transacted at an annual general meeting.

SPECIAL BUSINESS

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

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

   That pursuant to Section 161 of the Companies Act 1967 ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**") and the Constitution 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,

Notice of Annual General Meeting

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 pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares and convertible securities 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 and subsidiary holdings) 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 percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation and adjustments as may be prescribed by 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 (i) above, the percentage of Shares (excluding treasury shares and subsidiary holdings) that may be issued shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) 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; 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. Adjustments in accordance with (a) or (b) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;

(iii) 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 Constitution for the time being of the Company; and

(iv) 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 (4)] **[Resolution 8]**

9. **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, 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,

Notice of Annual General Meeting

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 and subsidiary holdings), 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 (5)] **[Resolution 9A]**

(B) **<u>The Unigloves Performance Share Plan</u>**

That pursuant to Section 161 of the Companies Act, 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 or awards are granted 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) 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 (5)] **[Resolution 9B]**

10. **The Proposed Renewal of the Share Buy-back Mandate**

That:

(a) for the purposes of the Companies Act and the Catalist Rules of the SGX-ST, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market acquisitions ("**Market Purchases**"), transacted on the SGX-ST or through any other securities exchange on which the Shares may, for the time being, be listed; and/or

(ii) off-market acquisitions ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act of Singapore and the Catalist Rules,

and otherwise in accordance with all other provisions of the Companies Act and the Catalist Rules of the SGX-ST as may for the time being be applicable (the "**Share Buy-back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting is held or required by law to be held;

Notice of Annual General Meeting

(ii) the date on which Share Buy-backs have been carried out to the full extent mandated under the Share Buy-back Mandate; or

(iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting;

Collectively known as the "**Relevant Period**"

(c) in this resolution:

"**Prescribed Limit**" means 10.0% of the total number of issued and paid-up Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered, excluding any treasury shares, that may be held by the Company from time to time;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (including brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, hundred and five percent (105.0%) of the Average Closing Price (as defined herein); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, hundred and twenty percent (120.0%) of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the Offer Date pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during the relevant 5-day period and the day the Share purchases are made; and

"**Offer Date**" means the date on which the Company makes an offer for a Share Buy-back, stating therein the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[Explanatory Note (6)] **[Resolution 10]**

By Order of the Board

Maureen Low
Company Secretary

13 October 2022
Singapore

Notice of Annual General Meeting

Explanatory Notes:

(1) **Resolution 2** – This Resolution, if passed, shareholders will receive the special dividend of S$0.00320 per ordinary share in cash.

(2) **Resolution 3** – This Resolution, if passed, shareholders will receive the final dividend of S$0.00320 per ordinary share in cash.

(3) **Resolution 4** - Mr Yip Wah Pung ("**Mr Yip**") shall, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Audit Committee and a member of each of the Remuneration Committee and Nominating Committee of the Company. The Board considers Mr Yip to be independent pursuant to Rule 704(7) of the Catalist Rules. Further information on Mr Yip can be found in the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report 2022.

(4) **Resolution 8** - 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 and subsidiary holdings), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

(5) **Resolution 9A and 9B** - These Resolutions, 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 and subsidiary holdings) of the Company from time to time.

(6) **Resolution 10** - This Resolution, if passed, will empower the Directors of the Company from the date of the above annual general meeting to purchase or acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buy-back Mandate does not exceed the Prescribed Limited, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to this Resolution is set out in the Appendix enclosed together with the Annual Report.

Notes:

1. The members of the Company are invited to **attend physically** at the AGM. **There will be no option for shareholders to participate virtually**. Printed copies of this Notice and the accompanying proxy form will NOT be sent to members. Instead, these documents will be made available on the Company's website at https://www.ughealthcarecorporation.com/investor-relation and on the SGXNet at https://www.sgx.com/securities/company-announcements. A member will need an internet browser and PDF reader to view these documents.

2. Members (including Central Provident Fund ("**CPF**") Investment Scheme members ("**CPF Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   (a) attending the AGM in person;
   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/ or
   (c) voting at the AGM
       (i) themselves personally; or
       (ii) through their duly appointed proxy(ies).

   CPF Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **9.30 a.m. on 18 October 2022**, being seven (7) working days prior to the date of the AGM.

   Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint / appoint a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967:

   (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

Notice of Annual General Meeting

(b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

5. A member can appoint the Chairman of the Meeting as his/her/its proxy **but** this is **not mandatory**.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form must be submitted to in the following manner:

(a) if submitted by post, be lodged at the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

(b) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

in either case, by the Registration Deadline, **25 October 2022, 9.30 a.m.**, being no later than seventy-two (72) hours before the time fixed for the AGM. A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

The instrument appointing a proxy(ies) must be signed by the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy(ies) is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

The Company shall be entitled to reject the 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 the instrument of proxy (such as in the case where the appointer submits more than one (1) instrument of proxy).

In the case of a member whose shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore Statutes), the Company may reject any instrument of proxy lodged if such member, being the appointer, is not shown to have any shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

7. Members may raise questions at the AGM or submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. For members who would like to submit questions in advance of the AGM, they may do so **by 21 October 2022, 9.30 a.m.**:

(a) by email to main@zicoholdings.com or;

(b) by post to the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896

Members submitting questions are requested to state: (a) their full name; and (b) the member's identification/ registration number, failing which the Company shall be entitled to regard the submission as invalid.

The Company will endeavour to address all substantial and relevant questions submitted by shareholders prior to or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the responses to such questions together with the minutes of the AGM on SGXNet and the Company's website at https://www.ughealthcarecorporation.com/investor-relation within one (1) month after the date of the AGM.

8. Members are reminded to check SGXNet for any latest updates on the status of the AGM.

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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (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.

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

*This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.*

The contact person for the Sponsor is Ms Charmian Lim (Telephone no.: (65) 6232 3210) at 1, Robinson Road, #21-00 AIA Tower, Singapore 048542.

UGHEALTHCARE CORPORATION

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

Proxy Form

IMPORTANT:
1. A relevant intermediary may appoint more than two (2) proxies to attend the AGM and vote (please see Note 3 for the definition of "**Relevant Intermediary**").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the AGM.
3. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ____ (Name)

*NRIC/Passport/Co. Registration No. ____

of ____ (Address)

being a member/members of **UG HEALTHCARE CORPORATION LIMITED** (the "**Company**") 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 the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting ("**AGM**") as *my/our *proxy/proxies to attend, speak or vote on *my/our behalf at the AGM of the Company to be held at YMCA @ One Orchard, One Orchard Road, Singapore 238824 on Friday, 28 October 2022 at 9.30 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 and/or at any adjournment thereof.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [√] within the box provided.

AS ORDINARY BUSINESS				
No.	**Resolutions Relating To:**	**For**	**Against**	**Abstain**
1	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2022			
2	Declaration of Special Dividend of S$0.0032 per ordinary share			
3	Declaration of Final Dividend of S$0.0032 per ordinary share			
4	Re-election of Mr Yip Wah Pung as Director			
5	Re-election of Mr Lee Keck Keong as Director			
6	Approval of Directors' fees for financial year ending 30 June 2023			
7	Re-appointment of Messrs Mazars LLP as auditors			
AS SPECIAL BUSINESS				
8	Authority to allot and issue new shares			
9A	Authority to allot and issue shares pursuant to the Unigloves ESOS			
9B	Authority to allot and issue shares pursuant to the Unigloves PSP			
10	Proposed Renewal of the Share Buy-back Mandate			

* Delete where inapplicable

Dated this __________ day of __________ 2022

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 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. 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 of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

   Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

3. For any member who acts as a Relevant Intermediary pursuant to Section 181 of the Companies Act 1967, who is either:

   (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence holder to provide under the Securities and Futures Act 2001 and who holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

   A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM.

   A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

4. The Proxy Form must be submitted to in the following manner:

   (a) if submitted by post, be lodged at the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

   in either case, by the Registration Deadline, **25 October 2022, 9.30 a.m.**, being no later than seventy-two (72) hours before the time fixed for the AGM. A Member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

5. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

6. The Proxy Form must be signed by the appointer or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

General:

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/her name in the Depository Register as at seventy-two (72) hours before the time set for holding the AGM, 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 AGM dated 13 October 2022.

Appendix – Proposed Renewal of the Share Buy-back Mandate

APPENDIX DATED 13 OCTOBER 2022

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the contents herein or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This appendix ("**Appendix**") is circulated to the shareholders of UG Healthcare Corporation Limited (the "**Company**"), together with the Company's annual report for the financial year ended 30 June 2022 (the "**Annual Report**"). The notice of the annual general meeting and the accompanying proxy form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company held through the Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix with the notice of annual general meeting and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the notice of annual general meeting and the attached proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, together with the notice of annual general meeting and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

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

This Appendix has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms Charmian Lim (Telephone: 65 6232-3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires:

"2022 AGM"	:	The AGM to be held on 28 October 2022 at 9.30 a.m. at YMCA Singapore
"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company
"Annual Report"	:	The Company's annual report for the financial year ended 30 June 2022
"Appendix"	:	This appendix to Shareholders dated 13 October 2022
"Approval Date"	:	The date of the 2022 AGM, whereby approval for the renewal of the Share Buy-back Mandate is sought
"Associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family (being spouse, child, adopted child, step child, sibling and parent); (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly and indirectly) have an interest of 30.0% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"Associated Company"	:	A company in which at least 20.0% but not more than 50.0% of its shares are held by the Company or the Group
"Board"	:	The board of directors of the Company from time to time
"Catalist"	:	The Catalist board of the SGX-ST
"Catalist Rules"	:	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended, supplemented or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act 1967 of Singapore, as amended, supplemented or modified from time to time
"Company"	:	UG Healthcare Corporation Limited
"Constitution"	:	The constitution of the Company, as amend or modified from time to time

"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company. Notwithstanding, the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"Director"	:	The directors of the Company as at the date of this Appendix
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended or ending 30 June (as the case may be)
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	19 September 2022, being the latest practicable date prior to the printing of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"Notice of AGM"	:	The notice of AGM of the Company as set out in pages 137 to 142 of the Annual Report
"NTA"	:	Net tangible assets
"Relevant Period"	:	The period commencing from the Approval Date whereby the ordinary resolution in relation to the renewal of the Share Buy-back Mandate is passed and expiring on the earliest of (i) the date on which the next AGM is or is required by law or the Constitution to be held; (ii) the date on which the Share Buy-backs are carried out to the full extent mandated; or (iii) the date the said mandate is revoked or varied by the Shareholders in a general meeting
"Securities Account"	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
"Securities and Futures Act"	:	Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGXNet"	:	Singapore Exchange Network, the system network used by listed companies to send information and announcements to the SGX-ST, or any other system networks prescribed by the SGX-ST
"Share Buy-back(s)"	:	The purchase or acquisition by the Company of its own issued and fully paid up Shares
"Share Buy-back Mandate"	:	The proposed mandate to authorise the Directors to exercise all powers of the Company to carry out Share Buy-backs, the terms of which are set out in this Appendix
"Shareholders"	:	Persons who are registered as holders of the Shares in the Register of Members maintained by the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with the CDP are credited with Shares
"Shares"	:	Ordinary shares in the capital of the Company

"**SIC**"	:	The Securities Industry Council of Singapore
"**Sponsor**"	:	SAC Capital Private Limited
"**subsidiary holdings**"	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
"**Substantial Shareholder**"	:	A person who has an interest in Shares representing not less than 5.0% of the total votes attached to all the Shares
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**"	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term "**treasury shares**" shall have the meaning ascribed to it in Section 4 of the Companies Act. The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Take-over Code, the Securities and Futures Act or the Catalist Rules or any modification thereof and used in this Appendix shall, unless provided otherwise, have the same meaning ascribed to it under the Companies Act, the Take-over Code, the Securities and Futures Act or the Catalist Rules (or any modification thereof, as the case may be).

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and dates in this Appendix shall be a reference to Singapore time and dates, unless otherwise stated.

Board of Directors:	**Registered Office:**
Mr. Yip Wah Pung (Non-Executive Chairman and Independent Director)	38 Beach Road
Mr. Lee Keck Keong (Executive Director and Chief Executive Officer)	#29-11
Mr. Lee Jun Yih (Executive Director and Finance Director)	South Beach Tower
Mr. Wong See Keong (Executive Director)	Singapore 189767
Mr. Lee Jun Linn (Executive Director and Chief Operating Officer)	
Mr. Ng Lip Chi, Lawrence (Independent Director)	
Mr. Vincent Leow (Independent Director)	

13 October 2022

To: The Shareholders of UG Healthcare Corporation Limited

Dear Sir / Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1 The Directors wish to refer to (i) the Notice of AGM accompanying the Annual Report, and (ii) Resolution 10 set out in the Notice of AGM, being the ordinary resolution for the proposed renewal of the Share Buy-back Mandate.

1.2 The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Buy-back Mandate, and to seek Shareholders' approval for the same at the 2022 AGM.

1.3 The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

2.1.1 At the Company's AGM held on 29 October 2021, Shareholders approved the renewal of the Share Buy-back Mandate, such mandate being expressed to take effect until the conclusion of the next AGM or the date by which such AGM is required by law or the Constitution to be held; unless prior thereto, Share Buy-backs are carried out to the full extent mandated or the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting. Accordingly, the Directors propose that the Share Buy-back Mandate be renewed at the 2022 AGM.

2.1.2 The terms in respect of which the Share Buy-back Mandate is sought to be renewed are set out in this Appendix.

2.1.3 Subject to its continued relevance to the Company, the Share Buy-back Mandate will be put to Shareholders for renewal at each subsequent AGM.

2.2 Rationale for the Share Buy-back Mandate

2.2.1 The rationale for the renewal of the Share Buy-back Mandate is as follows:-

(a) the Share Buy-back Mandate will give the Company the flexibility to carry out Share Buy-backs if and when circumstances permit. The Board believes that Share Buy-backs would allow the Company and the Board to better manage the Company's share capital structure, dividend payout and cash reserves.

(b) the Share Buy-back Mandate also provides the Board with a mechanism to facilitate the return of surplus cash over and above the Company's ordinary capital requirements in an expedient and cost-efficient manner, and the opportunity to exercise control over the Company's share capital structure with a view to enhancing the EPS and/or NAV per Share.

(c) the Board believes that Share Buy-backs may help the Company to mitigate short term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

2.2.2 Shares purchased or otherwise acquired pursuant to the Share Buy-back Mandate may be held or dealt with as treasury shares, which may be utilised pursuant to the UG Healthcare Corporation Employee Share Option Scheme and/or the UG Healthcare Corporation Performance Share Plan1.

2.2.3 If and when circumstances permit, the Board will decide (i) whether to exercise the Share Buy-back Mandate through on-market purchases or off-market purchases of Shares; and (ii) whether the Shares purchased or acquired should be held as treasury shares or cancelled, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

2.2.4 Shareholders should note that Share Buy-backs will only be made when the Board believes that such Share Buy-backs would be made in circumstances which would not have a material adverse effect on the financial position of the Company and the Group, and when the Board believes that such Share Buy-backs would be in the best interest of the Company and its Shareholders.

2.3 Authority and limits on the Share Buy-back Mandate

The authority and limitations placed on the Share Buy-backs under the Share Buy-back Mandate are as follows:-

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired is limited to such number of Shares representing not more than 10.0% of the total issued and paid-up Shares as at the Approval Date, unless, at any time during the Relevant Period, the Company has reduced its share capital by way of a special resolution under Section 78C of the Companies Act, or the Court has made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Shares which are held by the Company as treasury shares and subsidiary holdings will be disregarded for the purposes of calculating this 10.0% limit.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company comprising 623,825,811 Shares as at the Latest Practicable Date, and assuming that (i) no further Shares are issued and no changes are made to the share capital of the Company; (ii) no further Shares are purchased or held by the Company as treasury shares or cancelled; (iii) no further Shares are held as subsidiary holdings on or prior to the 2022 AGM, not more than 62,382,581 Shares (representing 10.0% of the total Shares excluding treasury shares and subsidiary holdings) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

As at the Latest Practicable Date, the Company does not hold any treasury shares nor are there subsidiary holdings.

2.3.2 Duration of authority

Under the Share Buy-back Mandate, Share Buy-backs may be made during the Relevant Period, at any time and from time to time, from the Approval Date up to the earlier of:

(a) the date on which the next AGM is held or is required by law to be held;

(a) the date on which Share Buy-backs are carried out to the full extent mandated under the Share Buy-back Mandate; or

(c) the date on which the authority contained by the Share Buy-back Mandate is varied or revoked by the Shareholders in a general meeting.

The authority conferred by the Share Buy-back Mandate may be renewed at each AGM or any other general meeting of the Company, subject to its continued relevance to the Company.

2.3.3 Manner of Share Buy-backs

Share Buy-backs under the Share Buy-back Mandate may be made by way of:

(a) on-market purchases transacted on the SGX-ST or through any other securities exchange on which the Shares may, for the time being, be listed ("**Market Purchases**"); and/or

(b) off-market purchases transacted otherwise than on the SGX-ST or any other securities exchange, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act) ("**Off-Market Purchases**").

In an Off-Market Purchase, the Directors may impose such terms and conditions as are consistent with the Share Buy-back Mandate, the Catalist Rules, the Companies Act, the Constitution and other applicable laws and regulations as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme. Under the Companies Act, an Off-Market Purchase must satisfy all the following conditions:

(a) offers for the Share Buy-backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

  (i) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;

  (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

  (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the Share Buy-back;

(iv) the consequences, if any, of Share Buy-backs by the Company that will arise under the Take-over Code or other applicable takeover rules;

(v) whether the Share Buy-backs, if made, would have any effect on the listing of the Shares on the Catalist;

(vi) details of any Share Buy-backs made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Buy-backs, where relevant, and the total consideration paid for the Share Buy-backs; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum purchase price

The purchase price per Share (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share to be purchased or acquired will be determined by the Directors. However, the purchase price per Share to be paid as determined by the Directors must not exceed:

(a) 105.0% of the Average Closing Price (as defined hereinafter) for a Market Purchase; and

(b) 120.0% of the Average Closing Price (as defined hereinafter) for an Off-Market Purchase,

(the "**Maximum Price**") excluding related expenses of the Share Buy-back.

For the purposes of determining the Maximum Price above:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 Market Days on which transactions in the Shares were recorded, before the day of the Market Purchase by the Company or, as the case may be, the Offer Date (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-Market Day period and the day on which the Share purchases are made; and

"**Offer Date**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased or acquired Shares under the Share Buy-back Mandate

2.4.1 A Share purchased or otherwise acquired by the Company under a Share Buy-back is deemed cancelled immediately on completion of the Share Buy-back (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or otherwise acquired by the Company and which are not held as treasury shares.

2.4.2 Any Shares purchased or acquired by the Company under a Share Buy-back (which are not held by the Company as treasury shares to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) the certificates in respect thereof will be cancelled by the Company as soon as reasonably practicable following settlement of any Share Buy-back.

2.4.3 At the time of each Share Buy-back, the Company may decide whether the Shares purchased or otherwise acquired will be cancelled or held as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or otherwise acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

Maximum holdings

2.5.1 The number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within 6 months beginning on the date on which that contravention occurs or such further periods as ACRA may allow.

2.5.2 The Company has no Shares held as treasury shares as at the Latest Practicable Date. Assuming no changes to the share capital of the Company during the Relevant Period, the maximum number of Shares that may be held as treasury shares is 62,382,581 treasury shares.

Voting and other rights

2.5.3 The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

2.5.4 In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. The subdivision or consolidation of treasury shares into greater or smaller numbers is allowed so long as the total value of the treasury shares after such subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be.

Disposal and cancellation

2.5.5 Where Shares are held as treasury shares, the Company may at any time (subject to the Take-over Code):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

2.5.6 Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**Usage**"). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of treasury shares comprised in the Usage, the number of treasury shares before and after the Usage, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the Usage.

2.6 Reporting requirements

2.6.1 Within 30 days of the passing of a Shareholders' ordinary resolution to approve any Share Buy-back, the Company shall lodge a copy of such resolution with ACRA.

2.6.2 The Company shall notify ACRA, using the prescribed form, within 30 days of a Share Buy-back on the Catalist or otherwise. Such notification shall include details of the Share Buy-back, such as the date of the Share Buy-backs, the total number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the Share Buy-back, the amount of consideration paid by the Company for the Share Buy-back, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required by ACRA.

2.6.3 Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

2.6.4 The Catalist Rules specify that a listed company must make an announcement on SGXNet of all purchases or acquisitions of its shares no later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the date the Market Purchase was made; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

2.6.5 The announcement must be in the form of Appendix 8D prescribed by the Catalist Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary announcements.

2.7 Source of funds

2.7.1 In purchasing or acquiring its Shares, the Company may only apply funds legally available for Share Buy-backs in accordance with the applicable laws of Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase or otherwise acquired, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

2.7.2 Under the Companies Act, Share Buy-backs may be made out of the Company's distributable profits or capital so long as the Company is solvent. In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

Pursuant to Section 76F(4) of the Companies Act, a company is "solvent" if the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if,

(i) it is intended to commence the winding up of the company within the period 12 months immediately after the date of payment, the company will be able to pay its debts as they fall due during the period of 12 months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

2.7.3 The Company intends to use internal sources of funds (i.e. cash and cash equivalents) or external borrowings, or a combination of internal resources and external borrowings to finance the Company's Share Buy-backs pursuant to the Share Buy-back Mandate. The Directors do not propose to exercise the Share Buy-back Mandate in a manner and to such extent that it would have a material adverse effect on the financial position, liquidity and/or the capital adequacy of the Group.

2.8 Financial effects

2.8.1 The financial effects on the Company and the Group arising from Share Buy-backs pursuant to the Share Buy-back Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number and price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled.

2.8.2 **The Share Buy-back scenarios discussed below are for illustrative purposes only**, to illustrate the financial effects on the Company and the Group arising from Share Buy-backs pursuant to the Share Buy-back Mandate under those scenarios, based on the audited financial statements of the Company and the Group for FY2022, and under the following principal assumptions:

(i) The Share Buy-backs pursuant to the Share Buy-back Mandate had been effective on 1 July 2021 for the purpose of computing the financial effects on the EPS of the Company and Group;

(ii) The Share Buy-backs pursuant to the Share Buy-back Mandate had taken place on 30 June 2022 for the purpose of computing the financial effects on shareholders' equity, NTA per share, current ratio and gearing ratio of the Company and Group;

(iii) The Share Buy-backs will be based on a total of 623,825,811 Shares in issue as the Latest Practicable Date, and assuming no change in the number of Shares on or prior to the Approval Date, the Company carried out Share Buy-backs in respect of 62,382,581 Shares representing 10.0% of the total number of Shares (excluding treasury shares and subsidiary holdings);

(iv) **In the scenarios where the Company makes Market Purchases**: Assuming that the Company purchases or acquires 62,382,581 Shares at the Maximum Price of approximately S$0.2205 (being the price equivalent to 105.0% of the Average Closing Price of the Shares over the last 5 Market Days on which the Shares were transacted on SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the Share Buy-back of 62,382,581 Shares would be approximately S$13.76 million;

(v) **In the scenarios where the Company makes Off-Market Purchases**: Assuming that the Company purchases or acquires 62,382,581 Shares at the Maximum Price of approximately S$0.2520 (being the price equivalent to 120.0% of the Average Closing Price of the Shares over the last 5 Market Days on which the Shares were transacted on SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the Share Buy-back of 62,382,581 Shares would be approximately S$15.72 million;

(vi) Transaction costs incurred for the Share Buy-backs pursuant to the Share Buy-back Mandate have been assumed to be insignificant and hence have been disregarded for the purpose of computing the financial effects; and

(vii) The Share buy-back will be funded by the Company solely from internal funding.

Illustrative financial effects

2.8.3 For illustrative purposes only, and based the assumptions set out above, the financial effects of the:

(a) Share Buy-backs of 62,382,581 Shares by the Company made entirely out of capital and the purchased Shares are held in treasury; and

(b) Share Buy-backs of 62,382,581 Shares by the Company made entirely out of capital and the purchased Shares are cancelled;

on the audited financial statements of the Company and the Group for FY2022 are set out in the following pages.

2.8.4 Other than as described in Section 2.8.2 above, the financial effects of Share Buy-backs by the Company by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, and solely for purposes of illustration, only the financial effects of Share Buy-backs by way of purchases made out of capital are set out in this Appendix.

Scenario 1 – Market Purchases of 62,382,581 Shares out of capital and held as treasury shares

	GROUP			COMPANY		
	BEFORE SHARE BUY-BACK (S$'000)	AFTER SHARE BUY-BACK MARKET PURCHASES (S$'000)	AFTER SHARE BUY-BACK OFF-MARKET PURCHASES (S$'000)	BEFORE SHARE BUY-BACK (S$'000)	AFTER SHARE BUY-BACK MARKET PURCHASES (S$'000)	AFTER SHARE BUY-BACK OFF-MARKET PURCHASES (S$'000)
As at 30 June 2022						
Share capital	59,652	59,652	59,652	59,652	59,652	59,652
Treasury shares	–	(13,755)	(15,720)	–	(13,755)	(15,720)
Non-controlling interest	6,163	6,163	6,163	–	–	–
Total equity	235,063	221,308	219,343	111,679	97,924	95,959
Net tangible assets (NTA)[1]	228,424	214,669	212,704	111,679	97,924	95,959
Current assets	213,290	199,535	197,570	58,818	45,063	43,098
Current liabilities	37,155	37,155	37,155	1,760	1,760	1,760
Working capital	176,135	162,380	160,415	57,058	43,303	41,338
Total borrowings[2]	42,585	42,585	42,585	1,638	1,638	1,638
Cash and bank balances	100,218	86,463	84,498	32,088	18,333	16,368
Net Profit attributable to owners of the Company	36,795	36,795	36,795	1,694	1,694	1,694
Number of Shares excluding treasury shares	623,825,811	561,443,230	561,443,230	623,825,811	561,443,230	561,443,230
<u>Financial Ratios</u>						
NTA per share (cents)[3]	36.62	38.24	37.89	17.90	17.44	17.09
EPS (cents)[4]	5.90	6.55	6.55	0.27	0.30	0.30
Gearing ratio (times)[5]	0.18	0.19	0.19	0.01	0.02	0.02
Current ratio (times)[6]	5.74	5.37	5.32	33.42	25.60	24.49

Notes:-

(1) NTA equals total equity less non-controlling interests and intangible assets.

(2) Total borrowings consist of total liabilities (excluding deferred tax liabilities and income tax liabilities).

(3) NTA per Share is computed based on the NTA (i.e. total equity less intangible assets and non-controlling interests) divided by the number of Shares in issue (excluding treasury shares and subsidiary holdings).

(4) EPS has been computed based on FY2022 net profit/loss attributable to owners of the Company divided by the number of Shares in issue.

(5) Gearing equals total borrowings divided by total equity.

(6) Current ratio equals current assets divided by current liabilities.

Scenario 2 – Market Purchases of 62,382,581 Shares out of capital and cancelled

	GROUP			COMPANY		
	BEFORE SHARE BUY-BACK	AFTER SHARE BUY-BACK		BEFORE SHARE BUY-BACK	AFTER SHARE BUY-BACK	
		MARKET PURCHASES	OFF-MARKET PURCHASES		MARKET PURCHASES	OFF-MARKET PURCHASES
	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)
As at 30 June 2022						
Share capital	59,652	45,897	43,932	59,652	45,897	43,932
Non-controlling interest	6,163	6,163	6,163	–	–	–
Total equity	235,063	221,308	219,343	111,679	97,924	95,959
Net tangible assets (NTA) [(1)]	228,424	214,669	212,704	111,679	97,924	95,959
Current assets	213,290	199,535	197,570	58,818	45,063	43,098
Current liabilities	37,155	37,155	37,155	1,760	1,760	1,760
Working capital	176,135	162,380	160,415	57,058	43,303	41,338
Total borrowings[(2)]	42,585	42,585	42,585	1,638	1,638	1,638
Cash and bank balances	100,218	86,463	84,498	32,088	18,333	16,368
Net Profit attributable to owners of the Company	36,795	36,795	36,795	1,694	1,694	1,694
Number of Shares excluding treasury shares	623,825,811	561,443,230	561,443,230	623,825,811	561,443,230	561,443,230
Financial Ratios						
NTA per share (cents)[(3)]	36.62	38.24	37.89	17.90	17.44	17.09
EPS (cents)[(4)]	5.90	6.55	6.55	0.27	0.30	0.30
Gearing ratio (times)[(5)]	0.18	0.19	0.19	0.01	0.02	0.02
Current ratio (times)[(6)]	5.74	5.37	5.32	33.42	25.60	24.49

Notes:-

(1) NTA equals total equity less non-controlling interests and intangible assets.

(2) Total borrowings consist of total liabilities (excluding deferred tax liabilities and income tax liabilities).

(3) NTA per Share is computed based on the NTA (i.e. total equity less intangible assets and non-controlling interests) divided by the number of Shares in issue (excluding treasury shares and subsidiary holdings).

(4) EPS has been computed based on FY2022 net profit/loss attributable to owners of the Company divided by the number of Shares in issue.

(5) Gearing equals total borrowings divided by total equity.

(6) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out above are based on the above-mentioned assumptions and are purely for purposes of illustration only. In particular, it is important to note that the above illustration is based on historical audited financial statements for FY2022 and is not necessarily representative of future financial performance.

The actual impact will depend on the number and price of the share bought back. As stated, the Directors do not propose to exercise the Share Buy-back Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of the shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing marketing conditions. The Share Buy-back Mandate will be exercised with a view to enhance the EPS and/or NAV per share of the Group.

Although the Share Buy-back Mandate would authorise the Company to purchase or otherwise acquire up to 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the full 10.0% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or acquired, or hold all or part of the Shares purchased or acquired as treasury shares. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of shares) in assessing the relative impact of a share before execution.

2.9 Tax implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a Share Buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.10 Requirements under the Catalist Rules

Listing Status

2.10.1 Rule 723 of the Catalist Rules require a listed company to ensure that at least 10.0% of its total number of its issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public. The "public", as defined under the Catalist Rules, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company or its subsidiaries, and the associates of such persons.

2.10.2 As at the Latest Practicable Date, there are 214,647,294 Shares representing approximately 34.41% of the total number of issued Shares are held by the public shareholders. **For illustrative purposes only**, assuming the Company undertakes Share Buy-backs up to the full 10.0% limit pursuant to the Share Buy-back Mandate, the number of issued Shares held by the public would be reduced to 152,264,713 Shares representing approximately 27.12% of the total number of issued Shares (excluding treasury shares). The Company does not have any individual shareholding limit or foreign shareholding limit.

2.10.3 Accordingly, the Directors are of the view that there is, at present, a sufficient number of Shares held by the public which would permit the Company to undertake Share Buy-backs to the full 10.0% limit pursuant to the Share Buy-back Mandate.

2.10.4 In undertaking any Share Buy-backs, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient number of Shares remain in public hands so that the Share Buy-backs will not (i) adversely affect the listing status of the Shares on Catalist; (ii) cause market illiquidity; and (iii) adversely affect the orderly trading of the Shares.

Restrictions on Share Buy-backs

2.10.5 While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares. As such, the Company will not undertake any Share Buy-backs pursuant to the Share Buy-back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Catalist Rules.

2.10.6 Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not undertake any Share Buy-backs through Market Purchases or Off-Market Purchases during the period commencing 1 month before the announcement of the Group's half-year and full year results.

2.11 Take-over implications

2.11.1 Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any Share Buy-backs are set out below:

Obligation to make a take-over offer

(a) If, as a result of any Share Buy-back, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

Pursuant to Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30.0% or more or, if they, together holding between 30.0% and 50.0% of the Company's voting rights, increase their voting rights in the Company by more than 1.0% in any period of 6 months.

Persons acting in concert

(b) Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, *inter alia*, the following persons will, be presumed to be acting in concert:

(i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(ii) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

(vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Effect of Rule 14 and Appendix 2 of the Take-over Code

2.11.2 In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company carrying out a Share Buy-back, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of 6 months. The Directors and their concert parties will be exempted from the requirement to make a take-over offer subject to certain conditions as set out in the Take-over Code, including, *inter alia*:

(a) the inclusion in the Appendix to Shareholders on the resolution to authorise the Share Buy-back Mandate advice to the effect that by voting for the resolution to authorise the Share Buy-back Mandate, Shareholders are waiving their right to a take-over offer at the required price from the Directors and parties acting in concert with them who, as a result of the Company carrying out a Share Buy-back, would increase their voting rights to 30.0% or more, or, if they together hold between 30.0% and 50.0% of the Company's voting rights, would increase their voting rights by more than 1.0% in any period of 6 months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after Share Buy-backs pursuant to the Share Buy-back Mandate; and

(b) the submission to the SIC by each of the Directors of an executed form as prescribed by the SIC within 7 days of the passing of the resolution to authorise the Share Buy-back Mandate.

2.11.3 Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company carrying out a Share Buy-back, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-back Mandate unless so required under the Companies Act.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer under the Take-over Code would arise by reason of any Share Buy-backs by the Company.

Application of the Take-over Code

2.11.4 Details of the shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date are set out in Section 3 below.

2.11.5 As at the Latest Practicable Date:

(a) our Chief Executive Officer and Executive Director, Mr. Lee Keck Keong;

(b) our Executive Director and Finance Director, Mr. Lee Jun Yih;

(c) our Executive Director and Chief Operating Officer, Mr. Lee Jun Linn; and

(d) our Controlling Shareholder, Ms. Sim Ai Cheng

(collectively, the "**Relevant Shareholders**") whereby Mr. Lee Keck Keong is the father and Ms Sim Ai Cheng is the mother of Mr. Lee Jun Yih and Mr. Lee Jun Linn, and hence are presumed to be parties acting in concert in relation to their interests in the Company.

2.11.6 As at the Latest Practicable Date, the Relevant Shareholders hold an aggregate of 379,791,274 Shares, representing approximately 60.88% of the voting rights in the Company.

2.11.7 As the Relevant Shareholders hold more than 50.0% of the voting rights in the Company, the Relevant Shareholders and parties acting in concert with them are not expected to incur an obligation to make a mandatory take-over offer for the Shares under Rule 14.1 of the Take-over Code as a result of the Company buying back its Shares under the Share Buy-back Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Buy-back pursuant to the Share Buy-back Mandate are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-back Mandate is in force.

2.12 Shares purchased in the previous 12 months

No Share Buy-backs have been undertaken by the Company in the 12 months preceding the Latest Practicable Date.

3. DISCLOSURE OF SHAREHOLDINGS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares of the Company are as follows:

	DIRECT INTEREST		DEEMED INTEREST	
	NUMBER OF SHARES	%[1]	NUMBER OF SHARES	%[1]
Directors				
Lee Keck Keong	–	–	374,729,122	60.07
Lee Jun Yih	2,845,063	0.46	374,729,122	60.07
Lee Jun Linn	2,217,089	0.36	374,729,122	60.07
Wong See Keong	29,387,243	4.71	–	–
Substantial Shareholders (other than Directors)				
Sim Ai Cheng[2]	–	–	374,729,122	60.07
Zen UG Pte. Ltd.[3][4]	156,537,713	25.09	141,318,282	22.65
Raydion Direct Global Inc[3]	76,873,127	12.32	–	–

Notes:

(1) Based on the total issued and fully paid-up ordinary share capital of 623,825,811 Shares as at the Latest Practicable Date.

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

(3) 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. and Raydion Direct Global Inc by virtue of Section 7 of the Companies Act.

(4) Zen UG Pte. Ltd. is deemed to be interested in 141,318,282 shares of the Company registered under CGS-CIMB Securities (Singapore) Pte. Ltd.

(5) Minor discrepancies in the share percentages are due to rounding.

4. DIRECTORS' RECOMMENDATION

The Directors, having carefully considered, among others, the rationale and terms of the proposed renewal of the Share Buy-back Mandate, are of the opinion that it is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of relating to the proposed renewal of the Share Buy-back Mandate at the 2022 AGM.

5. ANNUAL GENERAL MEETING

The 2022 AGM, notice of which is set out on pages 137 to 142 of the Annual Report, will be held on Friday, 28 October 2022 at 9.30 a.m. at YMCA of Singapore, One Orchard Road, Singapore 238824 for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolutions set out in the Notice of AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2022 AGM and who wish to appoint a proxy or proxies to attend and vote at the 2022 AGM on their behalf should complete, sign and return the proxy form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, not less than 48 hours before the time fixed for the 2022 AGM or any postponement or adjournment thereof. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2022 AGM if he wishes to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2022 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the 2022 AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, during normal business hours from the date of this Appendix up to the date of the 2022 AGM:

(a) the Constitution of the Company; and

(b) the Annual Report of the Company for the financial year ended 30 June 2022.

Yours faithfully,
For and on behalf of the Board of Directors
UG Healthcare Corporation Limited

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

13 October 2022

Corporate Information

BOARD OF DIRECTORS

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

Mr. Lee Keck Keong
Executive Director and Chief Executive Officer

Mr. Lee Jun Yih
Executive Director and Finance Director

Mr. Lee Jun Linn
Executive Director and Chief Operating Officer

Mr. Wong See Keong
Executive Director

Mr. Ng Lip Chi, Lawrence
Independent Director

Mr. Vincent Leow
Independent Director

AUDIT COMMITTEE

Mr. Yip Wah Pung (Chairman)
Mr. Ng Lip Chi, Lawrence
Mr. Vincent Leow

REMUNERATION COMMITTEE

Mr. Ng Lip Chi, Lawrence (Chairman)
Mr. Yip Wah Pung
Mr. Vincent Leow

NOMINATING COMMITTEE

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

COMPANY SECRETARY

Ms. Low Mei Mei, Maureen, ACS

REGISTERED OFFICE

38 Beach Road #29-11
South Beach Tower
Singapore 189767
Website: www.ughealthcarecorporation.com
Email: ir@ughcc.com

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS

Mazars LLP
135 Cecil Street
#10-01
Singapore 069535
Partner-in-charge: Mr. Ooi Chee Keong
(with effect from the financial year ended 30 June 2020)

PRINCIPAL BANKERS

United Overseas Bank Limited, Singapore
United Overseas Bank (Malaysia) Berhad
Oversea-Chinese Banking Corporation Limited, Singapore
OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad, Singapore Branch
The Hongkong and Shanghai Banking Corporation Limited, Singapore
DBS Bank Ltd
CTBC Bank Co., Ltd
Citibank, N.A.

CONTINUING SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542
Tel: (65) 6232 3210
Registered professional: Ms. Charmian Lim

INVESTOR RELATIONS

Octave FinComm Private Limited
富登财经通讯私人有限公司
Email: enquiry@octavecomms.com
Website: www.octavecomms.com

ESTABLISHING NEW GROWTH EXTENDING OUR PRESENCE

ANNUAL REPORT 2022

UG HEALTHCARE CORPORATION LIMITED

(Unique Entity No. : 201424579Z)

www.ughealthcarecorporation.com