UG HEALTHCARE CORPORATION LIMITED
(Company Registration No.: 201424579Z)
Incorporated in the Republic of Singapore

NEWS RELEASE

UG HEALTHCARE ACHIEVES 16.7% REVENUE INCREASE IN Q1FY18

- ***The Group achieved higher revenue through increased volume of gloves produced and sold, higher sales from its extensive distribution networks as well as higher average selling prices of its products***
- ***Commenced construction of new production facility and is on track to achieve planned expansion to 2.9 billion gloves per annum by the end of FY18***
- ***The Group continues to build on its marketing and global distribution network whilst concurrently broadening the range of products under its proprietary "Unigloves" brand***

(S$'000)	Q1FY18*	Q1FY17*	YoY Change
Revenue	18,265	15,656	+ 16.7%
Gross profit	2,969	2,223	+ 33.6%
Profit before tax	1,093	755	+ 44.7%
Net profit attributable to owners of the Company	859	789	+ 8.8%

** Q1 denotes three months ended 30 September.*

Singapore, 8 November 2017 – UG Healthcare Corporation Limited (优格医疗有限公司) (the "**Company**") together with its subsidiaries ("**UG Healthcare**" or the "**Group**"), an established natural latex and nitrile examination gloves manufacturer and distributor, announced that it registered an 8.8% increase in net profit attributable to the owners of the Company, bringing it to S$0.9 million, on the back of a 16.7% growth in revenue to S$18.3 million for the three months ended 30 September 2017 ("**Q1FY18**").

Full commercialisation of new production lines led to higher volumes of gloves produced and sold in the quarter under review. The increase in revenue from S$15.7 million for the three months ended 30 September 2016 ("**Q1FY17**") to S$18.3 million in Q1FY18, was also bolstered by higher sales through the expansion of the Group's extensive distribution network and higher average selling prices of its proprietary brand products as compared to Q1FY17.

In tandem with the increase in revenue, cost of sales increased by 13.9% from S$13.4 million in Q1FY17 to S$15.3 million in Q1FY18. A slight decrease in raw material prices and an increase in

average selling prices lifted gross profit by 33.6% to S$3.0 million in Q1FY18, up from S$2.2 million in Q1FY17. Consequently, the Group's gross profit margin increased from 14.2% in Q1FY17 to 16.3% in Q1FY18.

Total operating expenses, which include marketing and distribution expenses as well as administrative expenses, increased by 11.4% from S$2.1 million in Q1FY17 to S$2.3 million in Q1FY18. As the Group continues to expand its distribution network, it incurred higher marketing and distribution expenses, rising by 11.6% to S$0.5 million in Q1FY18. Administrative expenses, which increased by 11.3% to S$1.9 million in Q1FY18, was mainly due to the increase in staff costs.

Finance costs increased by 34.9% from S$0.1 million in Q1FY17 to S$0.2 million in Q1FY18. This was mainly due to interest expense arising from increased utilisation of trade facilities.

Share of profits from its German and US associates remained fairly stable at S$0.2 million for Q1 FY18.

Taking into account the above, the Group recorded an 8.8% increase in net profit attributable to owners of the Company from S$0.8 million in Q1FY17 to S$0.9 million in Q1FY18.

Business Prospects

The Group expects the business environment to remain challenging amidst the volatility in the global macroeconomic environment, coupled with fluctuations in commodity prices and exchange rates.

Mr. Lee Jun Yih, Executive Director of UG Healthcare, said, ***"We will continue to focus on ploughing in marketing resources to build our own infrastructure and distribution network as well as our own brand of products supplied directly to our customers, particularly in developing countries such as China, Nigeria and Brazil, as well as in core developed markets such as Europe. Although these efforts will take time before volumes grow and products mature, we believe this will build a solid and sustainable base of distribution channels and customer base for the Group in the long term.***

Concurrent to our focus on marketing and distribution, we will also continue to increase our production capacity to match our distribution strategy and platforms. We target an increase of 500 million gloves per annum by end FY18 with the construction of the new production capacity on the vacant plot beside the existing production facility. This expansion is currently on track."

The Group's expansion plan is progressing well and it expects to increase production capacity to 2.9 billion pieces of gloves per annum by 30 June 2018, to cope with the expected increase in market

demand for the Group's products. The Group will concomitantly continue to build on its marketing and global distribution network and broaden its range of proprietary "*Unigloves*" brand of products.

~ End ~

This press release is to be read in conjunction with the Company's unaudited first quarter results announcement posted on the SGX website on 8 November 2017.

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

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

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About UG HEALTHCARE CORPORATION LIMITED

(Stock Codes – SGX: 41A | Bloomberg: UGHC SP | Reuters: UGHE.SI)

UG Healthcare Corporation Limited (优格医疗有限公司) and together with its subsidiaries ("UG Healthcare" or the "Group"), is an established natural latex and nitrile examination gloves manufacturer and distributor. Currently, the Group has two manufacturing facilities located in Seremban, Malaysia. To complement this manufacturing platform, it has established an extensive distribution network globally through its own distribution companies based in the USA, UK, Germany, the PRC and Nigeria, as well as through third party distributors.

Started in 1989, the Group has built its reputation as a reliable manufacturer and distributor of natural latex and nitrile examination gloves under its own brand names including its "Unigloves" brand name as well as third party labels where it is engaged as original equipment manufacturer. UG Healthcare also distributes ancillary products such as surgical, vinyl and cleanroom gloves, face masks and other medical disposables.

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

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

For more information, please visit the company's website at www.ughealthcarecorporation.com

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Issued for and on behalf of **UG HEALTHCARE CORPORATION LIMITED** *by*:

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