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

NEWS RELEASE

UG HEALTHCARE ACHIEVES 72% INCREASE IN NET PROFIT TO S$5.5 MILLION FOR FY2016

- **Group achieved planned production capacity of 1.9 billion gloves per annum and higher sales through its own distribution networks, but undermined by lower average selling price pressure**
- **Proposes first and final dividend of S$0.00587 per share to reward shareholders, amounting in aggregate to 20% of net profit of the Group for FY2016**
- **Substantial shareholders holding in aggregate approximately 80% of the issued shares have committed to elect new shares in lieu of such dividend pursuant to the UG Healthcare Scrip Dividend Scheme as a demonstration of confidence in the Group's prospect**
- **Group is on track to commercialise its planned annual production capacity by additional 500 million gloves per annum progressively to 2.4 billion gloves by end of FY2017**

FYE 30 JUN (S$'000)	FY2016	FY2015	YoY Change
Revenue	58,823	55,740	+ 5.5%
Gross Profit	12,693	11,549	+ 9.9%
Profit before tax	7,469	3,957	+ 88.8%
Net Profit attributable to owners of the Company	5,450	3,164	+ 72.3%

Source: Company's results announcement

Singapore, 24 August 2016 – UG Healthcare Corporation Limited (优格医疗有限公司) together with its subsidiaries ("**UG Healthcare**" or the "**Group**"), an established natural latex and nitrile examination gloves manufacturer and distributor, today announced that it has recorded net profit attributable to owners of the Company of S$5.5 million for the financial year ended 30 June 2016 ("**FY2016**"), an increase of 72.3% year-on-year from S$3.2 million in FY2015. The significant increase in net earnings was mainly attributed to an increase in the volume of gloves produced and

sold as the intended production capacity came on stream, higher contribution from the Group's associated company in Germany, and other income.

The Group has achieved its planned production capacity expansion to 1.9 billion gloves per annum at end of FY2016, which led to higher sales to customers in Europe, the USA, Africa and South America through its own global distribution platform. Revenue increased by 5.5% from S$55.7 million in FY2015 to S$58.8 million in FY2016 on the back of higher volume of gloves produced and sold, but undermined by a reduction in average selling price of the Group's products, in particular, the latex examination gloves.

Commenting on the results, Mr. Lee Jun Yih, Executive Director of UG Healthcare said, "We are pleased to report a commendable set of results amidst the macroeconomic challenges. Our twin-track approach in growing both our manufacturing and distribution platforms, allows us to expand our production capacity prudently in tandem with market demand. We continue to be mindful of the global uncertainties, the fluctuations in currencies and raw material prices, as well as the dynamics in the various markets that we are in, and we will continue to harness our strengths in driving growth through our established manufacturing capabilities and global distribution network."

Business segment review

FYE 30 Jun (S$'000)	Revenue		*YoY Change*	Gross Profit		*YoY Change*
	FY2016	FY2015		FY2016	FY2015	
Latex examination gloves	30,991	32,202	*-3.8%*	6,165	6,150	*0.2%*
Nitrile examination gloves	21,191	20,015	*5.9%*	4,670	4,671	*NM*
Other ancillary products	6,641	3,523	*88.5%*	1,858	728	*155.2%*
Total	**58,823**	**55,740**	***5.5%***	**12,693**	**11,549**	***9.9%***

Source: Company's results announcement

In tandem with revenue growth, gross profit rose by 9.9% from S$11.5 million in FY2015 to S$12.7 million in FY2016. Overall gross profit margin increased marginally from 20.7% in FY2015 to 21.6% in FY2016 mainly as a result of reduction in costs of other ancillary products purchased.

Other income was 70.7% higher from S$1.4 million in FY2015 to S$2.4 million in FY2016. This was due to fair value gain on financial derivatives of S$0.3 million and realised foreign exchange gain of S$1.3 million, which was partially offset by decrease in unrealised foreign exchange gain of S$0.6 million and the absence of negative goodwill of S$0.1 million in FY2016.

Total operating expenses decreased by 11.3% from S$9.2 million in FY2015 to S$8.1 million in FY2016. This was mainly attributed to the absence of the one-off expense of S$0.8 million in relation to the Group's IPO as well as the absence of realised foreign exchange loss in the last financial year.

Finance costs decreased by S$170,000 to S$0.2 million in FY2016 as a result of capitalisation of interest on borrowings related to the construction of new production lines as well as lower interest rate from new banking facilities.

For FY2016, net profit attributable to owners of the Company increased by 72.3% to S$5.5 million. Earnings per share based on issued and paid-up share capital of 188.0 million shares increased from 1.68 Singapore cents in FY2015 to 2.90 Singapore cents in FY2016.

Net asset value increased from S$37.1 million as at 30 June 2015 to S$38.3 million as at 30 June 2016. Based on the issued and paid-up share capital of 188.0 million shares, the net asset value per share increased from 19.73 Singapore cents at end June 2015 to 20.39 Singapore cents at end June 2016.

The Board is recommending a first and final (tax exempted) dividend of S$0.00587 per share for FY2016 to reward its shareholders, subject to the approval of Shareholders at the forthcoming annual general meeting (the "AGM"). As a demonstration of continuing confidence in the Group's prospects, substantial shareholders and directors of the Company holding in aggregate approximately 80.0% of the issued shares have committed to elect new shares in lieu of such cash dividends pursuant to the UG Healthcare Scrip Dividend Scheme that will be applied for the dividend. For subsequent financial years, the Board will continue to assess the needs of the Group (including its ongoing expansion plan) in determining any dividend proposals.

The Group has also announced that Mr. Ang Beng Teck, the current Executive Director and Chief Executive Officer, will retire and step down from the Board after the AGM. Mr. Lee Keck Keong, the Non-Executive Director, will be appointed as the new Executive Director and Chief Executive Officer.

Business Prospects

The Group expects the macroeconomic uncertainties to continue to be a challenge with the fluctuations in commodity prices and currencies, inflationary costs pressure as well as the intensifying competition in the gloves manufacturing industry.

"The Group's expansion plan in both our manufacturing and distribution platforms have been progressing well. We have constructed additional production lines since last December, which we expect to increase our production capacity by another 500 million gloves per annum progressively

to achieve 2.4 billion gloves per annum within this financial year ending 30 June 2017, to meet with the expected market demand. While increasing our production capacity, we are also upgrading our existing production lines to enhance operational efficiencies. In addition, we are in the midst of planning to develop the plot of land (which the Group already owns) beside our existing manufacturing facility for further expansion, which could potentially increase our annual production capacity by approximately another 1 billion gloves per annum." Added Mr. Lee.

~ End ~

This press release is to be read in conjunction with the Company's unaudited full year results announcement posted on the SGX website on 24 August 2016.

*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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