UG HEALTHCARE CORPORATION LIMITED
优格医疗有限公司
Incorporated in the Republic of Singapore
website: www.ughealthcarecorporation.com

NEWS RELEASE

UG HEALTHCARE RECORDS 75% GROWTH IN NET PROFIT FOR Q2FY18

- ***The Group will continue to drive growth through maximising its integrated upstream manufacturing and downstream distribution business in UK, Germany, China, Brazil, Nigeria and the USA with its proprietary "Unigloves" brand of disposable glove products***
- ***Group continues to penetrate into its downstream distribution business, marketing its "Unigloves" brand directly to end-users***

FYE 30 June (S$'000)	Q2FY18	Q2FY17	YoY Change
Revenue	18,283	15,304	+ 19.5%
Gross profit	3,256	2,228	+ 46.1%
Profit before tax	1,181	692	+ 70.7%
Net profit attributable to owners of the Company	1,044	597	+ 74.9%

** Q2 denotes three months ended 31 December.*

Singapore, 12 February 2018 – UG Healthcare Corporation Limited (优格医疗有限公司) (the "**Company**") together with its subsidiaries ("**UG Healthcare**" or the "**Group**"), a disposable gloves manufacturer with its own established global downstream distribution business that markets and sells disposable glove products under its proprietary "***Unigloves***" brand, announced a 74.9% surge in net profit attributable to the owners of the Company of S$1.0 million, on the back of a 19.5% growth in revenue to S$18.3 million for the three months ended 31 December 2017 ("**Q2FY18**").

While higher volumes of gloves were produced and sold as a result of the ramp up in the new production lines that came on stream at the end of June 2017, the higher average selling prices of its proprietary brand of products also contributed to the increase in revenue from S$15.3 million for the three months ended 31 December 2016 ("**Q2FY17**") to S$18.3 million in Q2FY18.

In tandem with the increase in revenue, cost of sales increased by 14.9% from S$13.1 million in Q2FY17 to S$15.0 million in Q2FY18. The twin impact of the volume and average selling price increase lifted gross profit by 46.1% to S$3.3 million in Q2FY18, up from S$2.2 million in Q2FY17. Consequently, the Group's gross profit margin increased from 14.6% in Q2FY17 to 17.8% in Q2FY18.

Total operating expenses, which include marketing and distribution expenses as well as administrative expenses, increased by 41.9% from S$1.8 million in Q2FY17 to S$2.6 million in Q2FY18. As the Group continues to broaden its own downstream distribution business and cultivate demand for its proprietary "Unigloves" brand of disposable glove products, marketing and distribution expenses saw an increase of 11.8% to S$0.4 million in Q2FY18. New hires and salary increments led to higher administrative expenses, increasing by 49.2% from S$1.5 million in Q2FY17 to S$2.2 million in Q2FY18.

Finance costs increased marginally by 3.1% from S$130,000 in Q2FY17 to S$134,000 in Q2FY18. This was mainly due to interest expense arising from increased utilisation of trade facilities.

Share of profits from its German and US associates were lifted from S$60,000 in Q2FY17 to S$138,000 in Q2FY18.

Taking into account the above, the Group recorded an 74.9% increase in net profit attributable to owners of the Company from S$0.6 million in Q2FY17 to S$1.0 million in Q2FY18.

Business Prospects

The Group's expansion plan is on track and it expects to increase production capacity by 500 million pieces to 2.9 billion pieces of gloves per annum by 30 June 2018. The increase is to cope with the expected increase in market demand for its "***Unigloves***" range of disposable glove products in both developed and developing markets where it has a direct local downstream presence.

The Executive Director of UG Healthcare, Mr. Lee Jun Yih said, ***"The Group's strategy has always been cultivating demand for our proprietary "Unigloves" range of disposable gloves through our downstream distribution companies. These strategically established distribution companies in both developed and developing countries, have their local sales and marketing teams and distribution infrastructures (including local warehouses and logistics) as well as customer base. The market demand for our "Unigloves" 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.***

We believe that producing, marketing and selling the disposable gloves of our own "Unigloves" brand enhances our competitive edge and gives us the flexibility to produce certain products and outsource other products to other manufacturers to fulfill the requirements of our base of end customers."

Volatile movements in commodity prices that affect the price of raw materials and fluctuations in the US dollar and other currencies that the Group deals with, will continue to be a challenge to the Group. Nevertheless, the Group will strive to manage this business risk prudently while it continues to drive growth through maximising its integrated upstream manufacturing facilities and its downstream distribution channels.

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This press release is to be read in conjunction with the Company's unaudited second quarter results announcement posted on the SGX website on 12 February 2018.

*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.

The contact person for the Sponsor is Ms. Alicia Sun (Telephone: +65 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

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 a disposable gloves manufacturer with its own established global downstream distribution business that markets and sells disposable glove products under its proprietary "**Unigloves**" brand.

The Group owns and operates an extensive downstream network of distribution companies with a local presence in Europe, USA, China, Africa and South America, where it markets and sells its own proprietary "Unigloves" brand of disposable gloves. The Group also distributes ancillary products including surgical gloves, vinyl and cleanroom disposable gloves, face masks and other medical disposables.

These downstream distribution companies are supported and complemented by the Group's own upstream manufacturing division, manufacturing natural latex and nitrile disposable gloves under its "Unigloves" brand and third party labels in its manufacturing facilities located in Seremban, Malaysia.

Its "Unigloves" brand of disposable gloves offers an extensive product range that includes both specialised products, with a variety of coatings, scents, colours, thickness, anti-microbial properties for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross infection protection and hygiene standards, whilst catering to different applications and preferences.

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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Investor relations contact:

Ms. Rosalina Soh 苏沛熙
Mobile: (65) 9677 6683
Email: rosalina.soh@eqtq.com.sg