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

NEWS RELEASE

UG HEALTHCARE POSTS REVENUE GROWTH OF 17% IN Q3 FY2017

- ***Higher revenue of S$17.6 million in Q3 FY2017 was mainly attributed to increase in volume of gloves produced and sold***
- ***Gross margin was undermined by the significant increase in raw material prices***
- ***Foreign currency fluctuations and increase in general administrative running expenses weighed down its performance, resulting in lower net profit attributable to shareholders of S$0.9 million in Q3 FY2017***
- ***Group is on track to achieve production capacity of 2.4 billion gloves per annum at end June 2017 to meet expected increase in market demand for its products***

FYE 30 Jun (S$'000)	Q3 FY2017	Q3 FY2016	*Change*	9M FY2017	9M FY2016	*Change*
Revenue	17,578	15,049	*+ 16.8%*	48,538	45,192	*+ 7.4%*
Gross profit	3,283	3,354	*- 2.1%*	7,735	10,565	*- 26.8%*
Profit before tax	884	1,690	*- 47.7%*	2,332	5,547	*- 58.0%*
Net profit (1)	946	1,675	*- 43.5%*	2,334	4,908	*- 52.4%*

** Q3 denotes three months ended 31 March and 9M denotes nine months ended 31 March.*

(1) Net profit attributable to owners of the Company

Singapore, 12 May 2017 – UG Healthcare Corporation Limited (优格医疗有限公司) (the "**Company**" and together with its subsidiaries "**UG Healthcare**" or the "**Group**"), an established natural latex and nitrile examination gloves manufacturer and distributor, today announced that it achieved 16.8% revenue growth to S$17.6 million for the third quarter ended 31 March 2017 ("**Q3 FY2017**"), compared to S$15.0 in Q3 FY2016. The higher revenue was attributed to increase in the volume of gloves produced and sold.

In tandem with revenue growth, cost of sales had also increased by 22.2% from S$11.7 million in Q3 FY2016 to S$14.3 million in Q3 FY2017. This was aggravated by the significant increase in natural latex and nitrile raw material prices. Gross profit remained comparatively stable at S$3.3 million in both Q3 FY2017 and Q3 FY2016, but gross margin reduced from 22.3% in Q3 FY2016 to 18.7% in Q3 FY2017.

Total operating expenses, which include marketing and distribution expenses as well as administrative expenses increased by 46.5% from S$1.7 million in Q3 FY2016 to S$2.5 million in Q3 FY2017. For the quarter under review, marketing and distribution expenses declined 22.9% to S$0.5 million as a result of lower commission payment to retail distributors, while administrative expenses surged 82.3% to S$2.0 million due to (i) the losses incurred by the UK subsidiary in hedging contracts, owing to the recent strengthening of British Pounds against the US dollar, and (ii) the increase in general administrative running expenses.

The Group saw higher contribution from its German and US associates with share of profits from associates increasing from S$0.1 million in Q3 FY2016 to S$0.3 million in Q3 FY2017.

Taking into account the above, the Group recorded a 43.5% decrease in net profit attributable to shareholders from S$1.7 million in Q3 FY2016 to S$0.9 million in Q3 FY2017.

Commenting on the results, Mr. Lee Jun Yih, Executive Director of the Company said, "The volatility of the global macroeconomic environment, and along with fluctuations in the prices of natural latex and nitrile as well as the currencies which the Group deals in, are constant challenges that the Group has to overcome. We will continue to drive our efforts in cultivating our own brand of gloves and marketing them directly to our customers through our own distribution companies globally.

We believe UG Healthcare's unique business model of complementing our production capacity to meet market demand for the large variety of gloves required by our diverse base of customers in different industries through our own distribution platforms, will strengthen the Group's foundation for sustainable growth in the long term."

The Group's expansion plan to increase production capacity to cope with the expected increase in market demand for its products is on track to achieve the targeted annual production capacity of 2.4 billion gloves by the close of the financial year ending 30 June 2017.

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This press release is to be read in conjunction with the Company's unaudited quarterly results announcement posted on the SGX website on 12 May 2017.

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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*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.*

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