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 POSTS 29% GROWTH IN NET PROFIT FOR 9M FY18

- ***Group recorded earnings growth for three consecutive quarters through its integrated upstream manufacturing and downstream distribution business model with its proprietary "Unigloves" brand of disposable glove products***
  - ***Net profit increased by 17% to S$1.1 million for Q3 FY18 on higher revenue***
- ***Group is expected to continue its growth momentum with new production capacity of 500 million gloves per annum coming onstream in end June/early July 2018 and further expansion in its distribution network in the South American market***

FYE 30 Jun (S$'000)	Q3 FY18	Q3 FY17	*Change*	9M FY18	9M FY17	*Change*
Revenue	19,361	17,578	*+ 10.1%*	55,909	48,538	*+ 15.2%*
Gross profit	3,315	3,283	*+ 1.0%*	9,539	7,735	*+ 23.3%*
Profit before tax	1,244	884	*+ 40.7%*	3,518	2,332	*+ 50.9%*
Net profit (1)	1,104	946	*+ 16.7%*	3,006	2,334	*+ 28.8%*

** 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, 10 May 2018 – UG Healthcare Corporation Limited (优格医疗有限公司) ("**UG Healthcare**" and together with its subsidiaries, 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 16.7% increase in net profit attributable to owners of the Company of S$1.1 million, on the back of a 10.1% growth in revenue to S$19.4 million for the three months ended 31 March 2018 ("**Q3 FY18**").

Cost of sales increased by 12.2% from S$14.3 million in Q3 FY17 to S$16.0 million in Q3 FY18, in tandem with the increase in revenue as a result of higher volume of gloves produced and sold. While natural latex and nitrile raw material prices remained relatively stable, the delay in increasing the selling prices of its products to customers, resulted in a decrease in gross profit margin from 18.7% in Q3 FY17 to 17.1% in Q3 FY18. Nevertheless, gross profit increased marginally by 1.0% at S$3.3 million in Q3 FY18.

The Group recorded an increase in realised foreign exchange gain as British Pound, Euro and Renminbi strengthened against US dollar, leading to an increase in other income of 55.2% from S$0.4 million in Q3 FY17 to S$0.7 million in Q3 FY18.

Total operating expenses, which include marketing and distribution expenses as well as administrative expenses, increased by 36.8% from S$2.0 million in Q3 FY17 to S$2.8 million in Q3 FY18. For the quarter under review, marketing and distribution expenses increased to S$0.6 million from S$0.3 million a year ago, while administrative expenses increased by 24.8% to S$2.1 million. The increases were attributed to the continued expansion of its distribution network, particularly in the UK, China and Nigeria.

Finance costs increased by 41.2% from S$153,000 in Q3 FY17 to S$216,000 in Q3 FY18, mainly due to increased utilisation of trade facilities.

The Group saw lower contribution from its German and US associates as share of profits from associates decreased from S$301,000 in Q3 FY17 to S$254,000 in Q3 FY18.

Taking into account the above, the Group recorded a 16.7% increase in net profit attributable to owners of the Company from S$0.9 million in Q3 FY17 to S$1.1 million in Q3 FY18.

Commenting on the results, Mr. Lee Jun Yih, Executive Director of UG Healthcare said, *"**The Group has gained momentum with three consecutive quarters of earnings growth and we are committed to build sustainable growth for the long term. We will continue to drive growth through higher efficiency in our upstream manufacturing capabilities and better match the production volume to the increasing demand for our proprietary "Unigloves" range of disposable gloves as we broaden our distribution network through our downstream distribution companies.**"*

The Group's expansion plan is well underway. The new factory extension and production lines, which has the capacity of generating another 500 million gloves per annum and increasing the Group's current production capacity to 2.9 billion gloves per annum, is expected to commence production in June/July 2018.

Concurrently, the Group's overseas distribution network expansion plan is expected to gain pace in the following financial year 2019 as they start contributing profits to the Group. The Group is also looking for further expansion in its distribution network in the South American market.

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This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 10 May 2018.

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) ("**UG Healthcare**" and together with its subsidiaries, the "**Group**"), is a disposable gloves manufacturer with its own established global downstream distribution 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, United Kingdom, USA, China, Africa, South America, Japan, Korea and Canada, 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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*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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