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

NEWS RELEASE

UG HEALTHCARE ACHIEVES RECORD REVENUE OF S$65 MILLION FOR FY17

- ***Driven by an increase in volume of gloves produced and sold as it achieved production capacity of 2.4 billion gloves per annum resulting from full commercial production of the new production lines, higher sales through expansion of its distribution networks, and further bolstered by slightly higher average selling price***
- ***Significant increase in average raw materials prices, gas tariff hike, higher depreciation charge for new production lines and foreign workers' levy weighed on gross profit and gross margin***
- ***No dividend is recommended for FY17 as the Group embarks on its expansion plan***
  - *the Group continues to expand its production capacity prudently to meet the demand from its target markets, while strengthening and building its global distribution network infrastructure and own brand marketing*
  - *commercialisation of a new production facility expected by March 2018, will allow the Group to increase production capacity progressively to achieve 2.9 billion gloves per annum by end FY18*

FYE 30 Jun (S$'000)	Q4 FY17	Q4 FY16	*Change*	FY17	FY16	*Change*
Revenue	16,702	13,632	*+ 22.5%*	65,239	58,823	*+ 10.9%*
Gross profit	1,932	2,129	*- 9.3%*	9,666	12,693	*- 23.9%*
Profit before tax	237	1,922	*- 87.7%*	2,569	7,469	*- 65.6%*
Net profit (1)	111	542	*- 79.5%*	2,444	5,450	*- 55.1%*

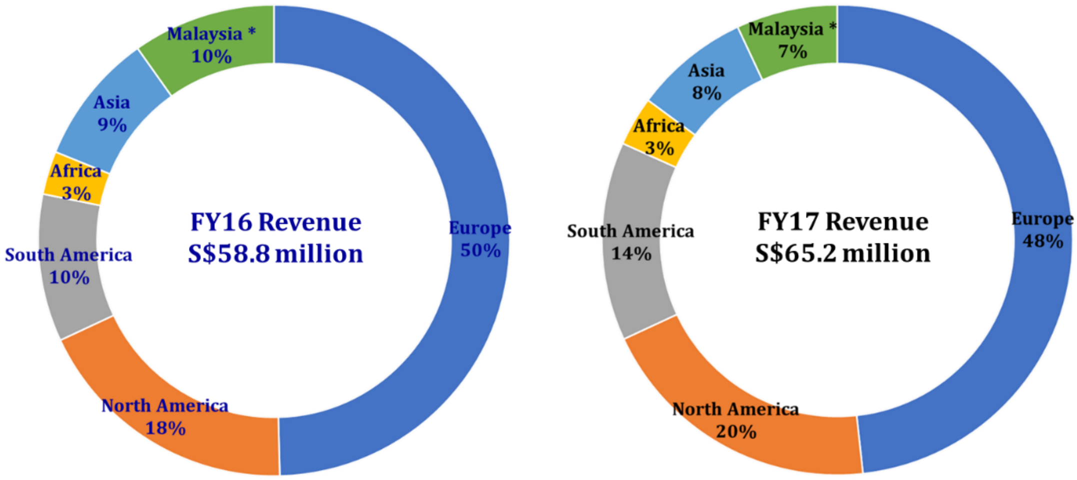
** Q4 denotes three months ended 30 June and FY denotes 12 months ended 30 June.*

(1) Net profit attributable to owners of the Company

Singapore, 24 August 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 record revenue of S$65.2 million, an increase of 10.9% year-on-year for the financial year ended 30 June 2017 ("**FY17**"), compared to S$58.8 million for the financial year ended 30 June 2016 ("**FY16**"). Higher revenue was mainly driven by the increase in the volume of gloves produced and sold at slightly higher average selling price as well as higher sales through its distribution network, notwithstanding the challenging macroeconomic factors in the financial year under review.

The Group achieved its planned production capacity expansion of 2.4 billion gloves per annum at end of FY17 to meet the increasing demand of its target markets, particularly the South America, China, Africa and North America markets.

Revenue by geographical locations



** includes revenue from intermediaries that export the Group's products to overseas markets*

Notes:
Revenue for Africa increased by 26.8% from S$1.7 million in FY16 to S$2.2 million in FY17, although it contributed 3% of the Group revenue by geographical locations.
While the revenue for Asia decreased in percentage terms from FY16 to FY17, the revenue contributed by China increased by 24.9% in FY17.
Source: Company's results announcement

Commenting on the full year results, Mr. Lee Jun Yih, Executive Director of UG Healthcare said, "We are appreciative of the support from our bankers, partners and shareholders, who stood with us through the challenging times as we continue our efforts to build on our success to drive growth in both our manufacturing and distribution platforms. While we grapple with the fluctuations in currencies and prices of raw materials as well as the dynamics in the various markets where we have distribution networks, we continue to focus on expanding our production capacity progressively (building new production lines and refurbishing older production lines, while achieving planned production capacity expansion) and strengthening our existing distribution network infrastructure and building on our brand marketing. The increase in our planned production capacity during the financial year is fully taken up by existing customers through our own distribution companies. The Group believes that balancing the expansion of our twin engines is important and prudent for sustainable growth over the long term."

Cost of sales had increased by 20.5% year-on-year from S$46.1 million in FY16 to S$55.6 million in FY17, aggravated by (i) the significant increase in natural latex and nitrile raw material prices due to a shortage in supply this year, (ii) the hike in gas tariff in Malaysia, (iii) higher depreciation charge for new production lines that commenced commercial production in the fourth quarter of FY17, and (iv) higher foreign workers' levy with an increase in employment. As a result, gross profit declined by 23.9% year-on-year from S$12.7 million in FY16 to S$9.7 million in FY17, and gross margin decreased from 21.6% in FY16 to 14.8% in FY17.

Total operating expenses, which include marketing and distribution expenses as well as administrative expenses increased marginally by 3.6% from S$8.1 million in FY16 to S$8.4 million in FY17. For the year under review, marketing and distribution expenses increased 33.7% to S$1.8 million as the Group continued to expand its distribution network in the UK, China and Nigeria, while administrative expenses declined by 2.4% to S$6.6 million due to better cost management.

Finance costs increased from S$0.3 million in FY16 to S$0.5 million in FY17, mainly due to interest arising from the utilisation of new trade facilities and non-capitalisation of borrowing costs.

Share of profits from its German and US associates saw a decrease from S$0.7 million in FY16 to S$0.5 million in FY17, due to lower profits. The German associates posted lower profits as a result of a €1.5 million dividend in the financial year under review.

Taking into account the above, the Group recorded a 55.1% decrease in net profit attributable to shareholders from S$5.5 million in FY16 to S$2.4 million in FY17.

Net asset value decreased from S$38.3 million as at 30 June 2016 to S$35.4 million as at 30 June 2017. Based on an issued and paid-up capital of 188.0 million shares and 191.5 million shares respectively, the net asset value per share decreased from 20.39 Singapore cents as at 30 June 2016 to 18.49 Singapore cents as at 30 June 2017.

Business Prospects

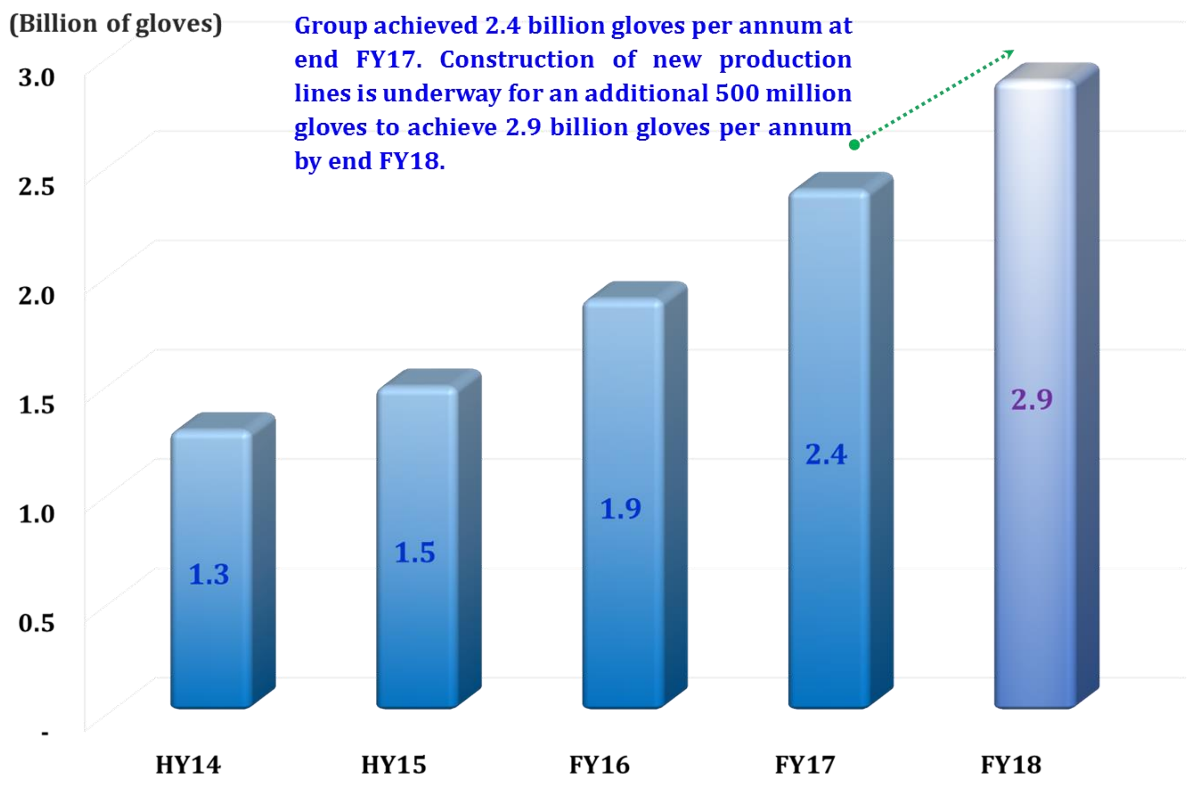
The Group remains mindful of the geopolitical uncertainties, fluctuations in commodity prices and currencies, and the inflationary costs weighing on the gloves manufacturing industry.

“While the Group continues to manage and overcome these constant challenges in our industry, we will also strive to execute our expansion plans prudently to achieve our target milestones for both our manufacturing and distribution platforms.

Having met the market demand for our products with our increased annual production capacity of 2.4 billion gloves at end FY17, the Group has commenced the construction of a new production facility on the plot of land which we already own, to increase production capacity by an additional 500 million gloves per annum. We expect commercialisation of the new production lines by end of March 2018 and contributing to the Group from fourth quarter of the financial year ending 30 June 2018.

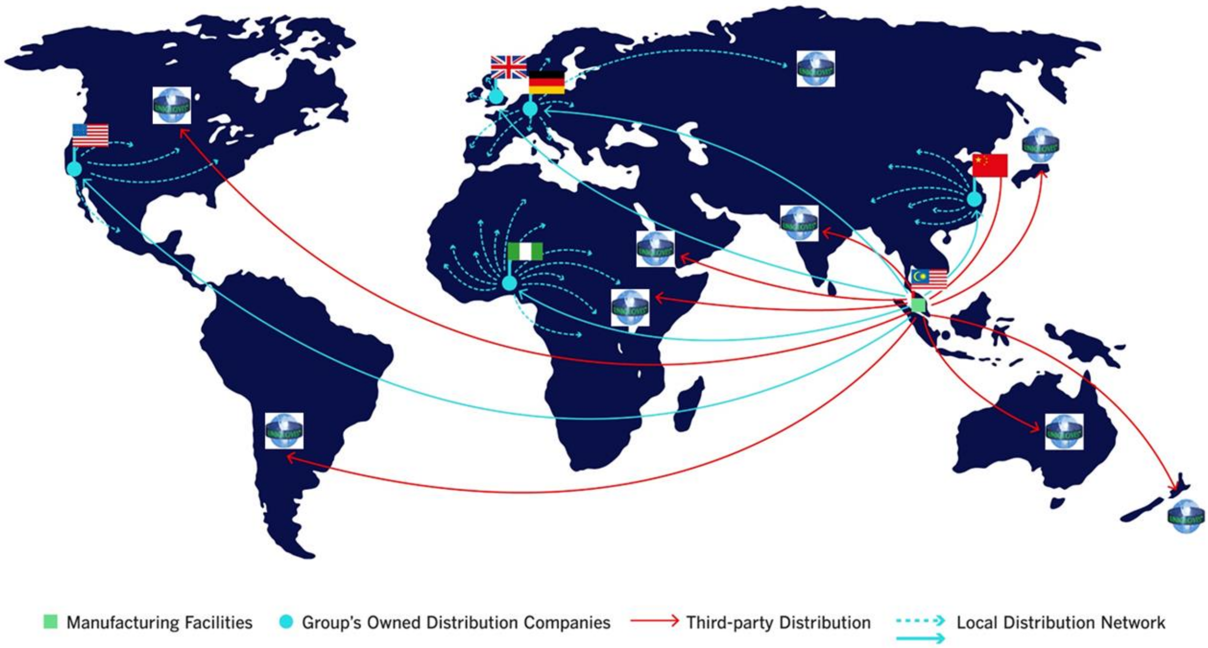
The Group will also continue our efforts in strengthening our global distribution network infrastructure to broaden our market reach as well as product range, driving both our own brand of gloves and other healthcare and/or medical accessories,” added Mr. Lee.

Group's Production Capacity Expansion



Note: UG Healthcare's financial year end is 30 June.

Group's Global Distribution Network



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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 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

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

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