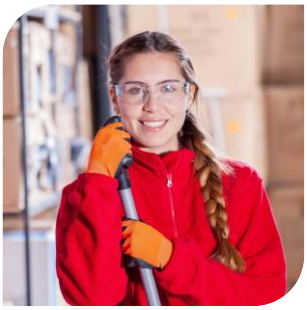
UG HEALTHCARE CORPORATION













SUSTAINABILITY REPORT 2018

UG HEALTHCARE CORPORATION LIMITED

Contents

Unigloves
Safety through quality

- Corporate Profile
- Business Model
- Board Statement
- About the Report
- Sustainability Governance
- Our Stakeholders
- Our Material Topics

This Sustainability Report is 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 ("**SGX-ST**"). The Sponsor has not independently verified the contents of this Sustainability Report.

This Sustainability Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

The contact person for the Sponsor is Ms Alicia Sun (Telephone no.: (65) 6232 3210 at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

For more information, please contact:

Octave Communications (S) Pte Ltd
远璟资询(新加坡)私人有限公司
email: enquiry@octavecomms.com

Corporate Profile

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, the United Kingdom, the United States of America, 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.

UG Healthcare was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 8 December 2014 under stock code 41A.

Business Model

Unigloves
Safety through quality

Upstream Manufacturing





Produces disposable gloves including proprietary “Unigloves” brand and sells through the Group’s own established distribution companies in various countries.

Downstream Distribution



The Group’s respective local distribution companies with their own warehousing & logistics infrastructure and marketing teams market and sell disposable gloves and ancillary products through own distribution channels directly to customers.

Customer Base

Uses and applications of disposable gloves in various industries:







Healthcare
- Hospitals
- Clinics (dental)
- Nursing homes and hospices

Industrials
- Automotive
- Electronics
- Construction

Life Sciences
- Laboratories
- Manufacturers

Food & Beverage
- Food processing
- Food distribution
- Food retailers
- Agriculture

Beauty
- Hair salons
- Tattoo studios

Board Statement

The Board of Directors (the "**Board**") is pleased to present the inaugural sustainability report of UG Healthcare for the financial year ended 30 June 2018.

Since our inception as a small rubber glove manufacturer in the late 1980s, we have grown prudently and are committed to producing premium quality gloves to cater for our customers in diverse industries to fulfill their professional responsibilities safely. We seized opportunities to expand progressively in our product range and manufacturing capabilities and capacity, as well as broaden our global distribution network through building our own distribution presence in both developed and developing countries over the years. In addition to our upstream manufacturing and downstream distribution operations, we also cultivate our proprietary brands, particularly the "Unigloves" brand.

We place significant emphasis on quality control and production standards during our production processes. As a testament to our commitment to the production of premium quality examination glove products, we are certified to the internationally recognised standards of ISO 9001 and ISO 13485. We have also been certified by the Malaysia Rubber Board to produce Standard Malaysian Glove for export.

Our products also conform to various international standards and requirements including the **ASTM International** (formerly known as American Society for Testing and Materials), **EN455** (European standard for medical gloves) and Acceptance Quality Level requirements under the Food and Drug Administration ("**USFDA**"). Consistent product quality, ability to comply with various stringent international standards and on-the-ground customers service and technical support to our end-users in each local market, strengthen mutual trust and retain many of our longstanding customers.

The management team's conscientious effort in building these three pillars (manufacturing, distribution network, and proprietary brands) concurrently over the past decades saw the Group grow from strength to strength, setting new record in revenue year after year. While we continue to grow and pursue business opportunities, we acknowledge the need for our stakeholders to be engaged in our sustainable growth strategies and practices. We have conducted our first materiality analysis in 2018 and identified focus areas which are material to our Group and our stakeholders. As we continue our sustainability journey, we look to improve our disclosures over time on the Group's economic, environmental, social and governance ("**EESG**") practices as well as to progressively include metrics and targets that are material to our businesses, providing more insights in our subsequent sustainability reports.

About the Report

This is UG Healthcare's inaugural annual sustainability report and is meant for our employees, business partners, all other stakeholders and the interested public. This report provides an overview of our responsible business practices and has been prepared with reference to the guidelines of Global Reporting Initiative ("**GRI**") and the Rules 711A and 711B of the SGX-ST's Listing Manual Section B: Rules of Catalist as well as the SGX-ST's Sustainability Reporting Guide.

This report focuses on UG Healthcare's sustainability performance with regards to the Group's upstream manufacturing operations in Seremban, Malaysia from 1 July 2017 to 30 June 2018.

We intend to expand the scope of our report in the future to also include our downstream distribution operations in the countries where the Group has a presence. While we have been maintaining data and information with regards to our manufacturing operations, we are establishing the baseline for most of the material topics that we have identified as priorities. We intend to monitor and compare them in the subsequent reports, and with that, identify and set measurable sustainability targets.

No external assurance was sought for this report.

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us through our investor relations email at ir@ughcc.com.

Sustainability Governance

UG Healthcare's sustainability agenda is developed and directed by the senior management with guidance from the Board. Our sustainability approach is focused on generating stable and sustainable value for our stakeholders by managing the EESG impacts, as well as risks and opportunities present in our businesses.

The Group has in place a Sustainability Committee which is led by key management executives and supported by representatives from various departments in the Group. The Sustainability Committee is responsible for reviewing the company's sustainability performance, material topics, stakeholder concerns, setting of targets and goals for material topics, and establishing systems to collect, verify, monitor and report information required for sustainability reports.

The Sustainability Committee meets at least once a year and proposes, coordinates and promotes the company's main sustainability initiatives.

The Board approves the Group's general policies and strategies, including those relating to sustainability. It may not delegate this function. It also approves the sustainability report.

The Sustainability Committee is also regularly updated with reports on the progress of the Group's sustainability efforts.

To better align our efforts with our long-term strategy, we have identified our sustainability focus areas with relevant material EESG factors, which are detailed in the section – Our Material Topics. The material EESG factors, which may have a group-wide impact have been reviewed and approved by our Sustainability Committee and our Board.

Our Sustainability Focus Areas



Economic Performance



Compliance



Building Our Customer Success



Care for Our Employees

Our Stakeholders

We use formal and informal engagement methods to interact with various groups of stakeholders as identified below. We plan to engage the various stakeholder groups in identification of material topics for our subsequent sustainability reports.

Our Stakeholders	Stakeholders' Expectations	Mode of Engagement	Our Initiatives and Responses
Customers	• Quality control • On-time delivery and services • Technical support • Reasonable payment terms • Competitive pricing	- Customer feedback management (survey, face-to-face meetings) - Regular follow-up (calls, face-to-face meetings)	➢ ISO 9001 and ISO 13485 certification to assure consistent level of quality in products and services ➢ Active follow-up on customers' needs and product applications ➢ Regular internal meetings to review on customers' fulfilment and new requirements ➢ Update customers on new products and ➢ Provide timely feedback to customers
Employees	• Career growth • Training opportunities • Competitive salaries and incentives • A pleasant and safe working environment	- Regular internal communications - Regular review of working environment and welfare - Employee feedback	➢ Ensure effective implementation of HR policies ➢ Regular internal meetings to review on health and safety ➢ Annual review on performance
Shareholders & Investors	• Higher financial returns • Industry conditions • Market presence • Profitability • Transparency & corporate governance	- Announcements on SGXNET - Annual General Meeting - Investor roadshows and meetings - Electronic communications through investor relations - Annual reports	➢ Regular and timely updates via announcements and press releases as and when required ➢ Half-yearly meetings with analysts and investment community to update on corporate developments ➢ Ensure sustainable business growth
Government & Regulators	• Regulatory compliance • Occupational health & safety • Environmental issues • Social issues	- Meetings - Electronic communications - Announcements on SGXNET	➢ Ensure compliance with applicable laws ➢ Meetings with relevant authorities on regular basis

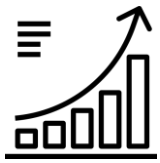
Our Material Topics

This year was the first time UG Healthcare conducted a materiality analysis with internal stakeholders to identify the social, environmental and governance issues that were most relevant to the Group. This coincides with our initiative to participate in Sedex Members Ethical Trade Audit ("**SMETA**") to complement with our Quality Management System that has been implemented group-wide since the late 1990s.

This process helps to define the contents of the report and the general sustainability agenda. This systematic analysis process took into consideration:

- Analysis of regulatory frameworks in the countries where we operate
- Materiality analysis of other similar companies in this industry
- Reporting frameworks (GRI Standards)

The material topics below show the most relevant concerns for UG Healthcare that were identified in the internal materiality analysis. Given that this is our inaugural report, we have just embarked on data collection for these material topics and would be sharing more information on performance and targets in our subsequent reports.



Economic Performance

Financial Performance

The Group believes that our growth as well as our environmental, social and governance factors are interconnected. The Sustainability Report tells only part of our story and the complemented piece is our 2018 Annual Report which was published on SGXNET on 9 October 2018.

Our financial performance can be found on the following sections in our 2018 Annual Report:

- Financial Highlights and Performance Review (pages 10 – 13)
- Financial Statements and Notes to Financial Statements (pages 46 – 94)



Compliance

Socioeconomic Compliance

Corporate Governance

The Group is committed to uphold high standards of corporate governance and regulatory compliance, ensuring the sustainability of our businesses and safeguarding our stakeholders' interests and value for the long term.

We complied with the principles and guidelines set out in the Code of Corporate Governance 2012, where appropriate. Our corporate governance report can be found on pages 17 – 36 of the 2018 Annual Report.

Our Material Topics



Building Our Customer Success

Customer Management

The Group believes the success of our businesses is inherently intertwined with the success of our customers.

We are committed to empathise with the glove users on their requirements and applications for single-use gloves in their respective industries. Through our innovative range of glove products, we seek to play a part in our customers' successes.



Care for Our Employees

Occupational Health and Safety

Forced or Compulsory Labour

The Group views employees as the lifeline of an organisation. We believe Human Capital management is essential to increase the values of our employees who contribute to the success of our businesses.

As we plan to also engage our other groups of stakeholders to better understand their materiality concerns, the material topics may in the future reflect other issues which we have not previously considered.

UG HEALTHCARE CORPORATION LIMITED

(Unique Entity No.: 201424579Z)

Visit us at www.ughealthcarecorporation.com