

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTIETH ANNUAL GENERAL MEETING (“**20TH AGM**”) OF TOP GLOVE CORPORATION BHD. (“**TOP GLOVE**” OR “**THE COMPANY**”) HELD AT TG GRAND BALLROOM 1, LEVEL 9, TOP GLOVE TOWER OF 16, PERSIARAN SETIA DAGANG, SETIA ALAM, SEKSYEN U13, 40170 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 8 JANUARY 2019 AT 10:30 A.M.

PRESENT AND IN ATTENDANCE:

DIRECTORS PRESENT	:	Tan Sri Dr. Lim Wee Chai (<i>Chairman</i>) Tan Sri Dato’ Seri Utama Arshad Bin Ayub Tan Sri Rainer Althoff Dato’ Lee Kim Meow (<i>Managing Director</i>) Dato’ Lim Han Boon Datuk Noripah Binti Kamso Datuk Dr. Norma Mansor Mr. Lim Cheong Guan Mr. Lim Hooi Sin Ms. Sharmila Sekarajasekaran Mr. Simon Tay Seong Chee
ABSENT WITH APOLOGIES	:	Puan Sri Tong Siew Bee
MEMBERS	:	As per Attendance List
CORPORATE REPRESENTATIVE	:	As per Attendance List
PROXYHOLDERS	:	As per Attendance List
BY INVITATION	:	As per Attendance List
IN ATTENDANCE	:	Ms. Chua Siew Chuan (<i>Company Secretary</i>) Ms. Chin Mun Yee (<i>Company Secretary</i>)

QUORUM

The requisite quorum being present pursuant to Article 70 of the Company’s Constitution, the 20th AGM of the Company was duly convened.

CORPORATE PRESENTATION AND QUESTIONS RECEIVED BY THE COMPANY

Mr. Lim Cheong Guan presented to the shareholders, the Company’s performance and the questions received from Minority Shareholder Watch Group Berhad (“**MSWG**”) and the response to MSWG and the Meeting noted the same as per Annexure A.

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(Summary of Key Matters Discussed at the 20th AGM – cont'd)

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2018 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

QUESTIONS RECEIVED BY THE COMPANY

- 1) Puan Lya Rahman, representative from MSWG, complimented Top Glove for the excellent financial performance achieved for the financial year ended 31 August 2018 as well as continuous effort to improve the corporate governance practices and disclosures. Puan Lya Rahman further congratulated Top Glove for receiving the award for MSWG Asean Corporate Governance Award 2018 under the top 50 ASEAN PLCs' category.

Puan Lya Rahman then raised the following questions:

- (a) What are the remedial actions taken by Top Glove pertaining to the recent negative reporting on the employees' welfare and security issues?

In respond, Dato' Lee KM replied that Top Glove has put in place a mechanism to take care of its workers' welfare and is operating within the framework of the law. However, being the world's largest natural rubber glove manufacturer, Top Glove had taken the matter in a positive strike and would continuously improve the working environment of the workers as well as the well-being of the Company's employees at large. As an example, Dato' Lee KM highlighted that Top Glove have five (5) full-time corporate nutritionists, two (2) medical doctors, one (1) dentist and three (3) nurses which all employees have access at its in-house clinic. Dato' Lee KM also informed that the Company had presented a comprehensive programme to the valued stakeholders of Top Glove in respect of the immediate actions taken and the actions to be taken by the Company in monitoring and improving the employees' welfare within the next three (3) months, six (6) months and one (1) year.

Dato' Lee KM added that Top Glove has been progressively investing in more automation for factory operations to reduce the manual labour, introducing new shift patterns to allow sufficient rest time for workers and regularly conducting trainings to improve the workers skills.

Dato' Lee KM informed that the Minister of Human Resources and his enforcement officers had visited Top Glove's factories on 10 December 2018 with short notice arising from the earlier allegation, and clarified that the allegation that migrant workers at Top Glove are subjected to forced labour, forced overtime and debt bondage is not true.

- (b) Will the Company consider adopting a policy to limit the tenure of its' Independent Non-Executive Directors to nine (9) years as recommended by the Malaysian Code on Corporate Governance for large company moving forward?

In respond, Tan Sri Dr. Chairman replied that the Company had observed a limit of nine (9) years tenure for its Independent Non-Executive Directors. Hence, Tan Sri Dato' Seri Utama Arshad bin Ayub, who have served the

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Company for more than nine (9) years shall retire at the conclusion of the Meeting.

Tan Sri Dr. Chairman further informed that, save and except for Tan Sri Dato' Seri Utama Arshad bin Ayub, the tenure of the rest of the six (6) Independent Non-Executive Directors was below nine (9) years.

Puan Lya Rahman then proposed that the Board should consider adopting a policy which limit the tenure of its Independent Directors to nine (9) years.

2) Mr. Wan Heng Wah, a shareholder, raised the following questions:

- (a) Any legal action to be taken against The Guardian (UK) newspaper on the misstatement of infringement of labour right?

In respond, Dato' Lee KM replied that the Company had invited Thomson Reuters Foundation to visit the factories and workers' hostel to see the conditions for themselves. Thomson Reuters Foundation was satisfied with the result of the visit and explanation given by Top Glove. The same invitation was also extended to UK's The Guardian newspaper and thus far, no news received from them.

Measures have been implemented to follow the overtime limit as stipulated in the Employment (Limitation of Overtime Work) Regulations 1980 i.e. 104 hours per month.

Tan Sri Dr. Chairman informed that The Guardian (UK) newspaper had wrongly reported Top Glove's profit of £1.0 billion where the actual net profit recorded was RM433.62 million, which was equivalent to £82.0 million for the financial year ended 31 August 2018. There are other inaccurate information in the article published by The Guardian (UK) newspaper and this has clearly showed that they did not do their research and check on the numbers published in the article.

Tan Sri Dr. Chairman added that the Company does not intend to take any legal action against The Guardian (UK) newspaper as the Company rather focus on its business operations.

- (b) What is the Company's plan of expanding its business to Turkey other than in Vietnam?

In respond, Tan Sri Dr. Chairman replied that Management is still in the midst of studying the viability of expanding its business to Turkey as Turkey is a big market after Europe and Japan.

Tan Sri Dr. Chairman added that the Group's expansion plan is on track and the market demand for rubber gloves is growing.

3) Mr. Veiven Goon, a shareholder, raised the following questions:

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- (a) Why impairment is not provided for in the audited financial statements of the Group in respect of the overstatement of the inventories, plant and machineries of Aspion Sdn. Bhd. (“**Aspion**”)?

In respond, Mr. Lim Cheong Guan (“**Mr. Lim**”) replied that the impairment test has been conducted based on value in use calculations using discounted cash flow projections and the value-in-use is higher than the goodwill and non-current assets of Aspion Group. Hence, no impairment was provided in the audited financial statements of the Group for the financial year ended 31 August 2018. This impairment test would be conducted annually.

Tan Sri Dr. Chairman added that one-third (1/3) of the TG Group factories were acquired through mergers and acquisition but not all investments are guaranteed with good return. Most importantly overall the Group is still performing well and the Company needs to have mergers and acquisition in order to expand its businesses as organic growth would take longer time.

- (b) Based on the audited financial statements of the Group, why there is no additional fund allocated to expand the condom business?

In respond, Tan Sri Dr. Chairman replied that condom business is very competitive in international market and needs to be certified by the International Organisation for Standardisation (“**ISO**”) and other relevant authorities. While pending for the certifications, Top Glove does not want to expand its condom business as yet in order to contain the costs.

4) Mr. Chan Yean Lin, a shareholder, raised the following questions:

- (a) Why are the loans and borrowings increased for the financial year ended 31 August 2018 and how the Group addresses it?

In respond, Tan Sri Dr. Chairman replied that borrowings were utilised for the acquisition and expansion of the Group’s businesses. The Group had cash and bank balances and investment securities of RM358.6 million of which it is sufficient to pay the interests for the bank borrowings. Tan Sri Dr. Chairman added that the net gearing ratio of 0.7 times is reasonable for glove industry.

- (b) What is the impact on the Company’s businesses arising from the appreciation of Ringgit Malaysia against United States Dollar?

In respond, Tan Sri Dr. Chairman replied that foreign currencies fluctuation is always a risk for international business. However, the Group has been expanding over the past 20 years and is able to face any challenges. Also, there are some natural hedge as some of the cost are in USD as well.

5) Mr. Tan Ging Tuang, a shareholder, raised the following question:

- (a) What is the safety level of the Company as compared to other competitors as safety is one (1) of the major issues in growing business?

In respond, Tan Sri Dr. Chairman replied that Top Glove had adopted a “Zero Harm” approach (Think Safe/Work Safe/Home Safe) as a safety culture at the

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workplace. Measures to enhance the aforesaid matter are on-going. These include increasing safety awareness initiatives and frequent training sessions with more structured modules to the employees.

Tan Sri Dr. Chairman also informed that the Company had established Top Glove Global Doctors, a clinic and ambulatory centre for all employees and every injury (major and minor) would be reported in the Management meeting so that the Heads of Department are accountable for the reported incident and also to create awareness on the importance of safety at workplace.

6) Mr. Rien Hashim, a proxyholder, raised the following questions:

- (a) How does the Company deal with the false news reported in the social media in relation to Employees Provident Fund Board (“EPF”) investment in Top Glove’s shares was due to Tan Sri Dr. Chairman involvement in the management board of EPF?

In respond, Tan Sri Dr. Chairman replied that he only sits on the management board of EPF to safeguard the interests of the stakeholders and not on the investment board of EPF. Hence, Tan Sri Dr. Chairman is independent from the investment made by EPF in Top Glove’s shares. Furthermore, EPF has been investing in Top Glove’s shares prior to Tan Sri Dr. Chairman’s appointment on the management board of EPF. EPF has gained significant profits from the aforesaid investment through dividend payments and appreciation of share prices of Top Glove. In fact, EPF has reduced its investment in Top Glove’s shares as compared to three (3) years ago.

- (b) How does the Company deal with the increase of the cost of raw materials?

In response, Tan Sri Dr. Chairman replied that the rubber price fluctuation would affect the production cost of rubber gloves but the price movement is beyond the Company’s control.

ANNOUNCEMENT OF POLL RESULTS

The resolutions set out in the Notice of the 20th AGM dated 14 November 2018 were put to vote by way of poll. The Company Secretary announced the results of the poll for each of the resolutions and Tan Sri Dr. Chairman declared that all the resolutions set out therein were duly carried and passed by the shareholders and proxies present.

The results of the poll voting were as follows:

Resolution	Vote in favour		Vote against		Results
	No. of shares	%	No. of shares	%	
ORDINARY BUSINESS					
Resolution 1 To approve the declaration of a Single Tier Final Dividend of 5.0 sen per share for the financial year ended 31 August 2018.	1,949,105,411	100.00	12,202	0.00	Carried

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Resolution	Vote in favour		Vote against		Results
	No. of shares	%	No. of shares	%	
Resolution 2 To re-elect Dato' Lee Kim Meow who retires pursuant to Article 94 of the Company's Constitution and being eligible, has offered himself for re-election.	1,945,714,055	99.88	2,284,558	0.12	Carried
Resolution 3 To re-elect Puan Sri Tong Siew Bee who retires pursuant to Article 94 of the Company's Constitution and being eligible, has offered herself for re-election.	1,942,998,655	99.74	4,999,958	0.26	Carried
Resolution 4 To re-elect Lim Hooi Sin who retires pursuant to Article 94 of the Company's Constitution and being eligible, has offered himself for re-election.	1,942,999,755	99.74	4,998,858	0.26	Carried
Resolution 5 To approve the payment of Directors' fees for the financial year ended 31 August 2018.	1,113,297,419	96.76	37,325,402	3.24	Carried
Resolution 6 To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM200,000.00 from 9 January 2019 until the next Annual General Meeting of the Company to be held in year 2020.	1,793,006,211	99.89	1,948,402	0.11	Carried
Resolution 7 To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	1,896,919,575	97.33	51,947,138	2.67	Carried

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Resolution	Vote in favour		Vote against		Results
	No. of shares	%	No. of shares	%	
SPECIAL BUSINESS					
Resolution 8 Authority to issue shares pursuant to the Companies Act 2016.	1,911,789,771	98.08	37,327,842	1.92	Carried
Resolution 9 Proposed renewal of share buy-back authority.	1,949,097,571	100.00	442	0.00	Carried
Resolution 10 Proposed allocation of awards to Ang Eng Li Andrea.	678,694,718	64.07	380,653,951	35.93	Carried
Resolution 11 Proposed allocation of options to Ang Eng Li Andrea.	671,943,818	63.43	387,404,851	36.57	Carried
Resolution 12 Proposed adoption of new Constitution.	1,949,116,571	100.00	1,042	0.00	Carried

TERMINATION

The Meeting terminated at 12:54 p.m.

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Annexure "A"

SUMMARY OF KEY MATTERS DISCUSSED IN TWENTIETH ANNUAL GENERAL MEETING OF TOP GLOVE CORPORATION BHD. ("**TOP GLOVE**" OR "**THE COMPANY**") HELD AT TG GRAND BALLROOM 1, LEVEL 9, TOP GLOVE TOWER OF 16, PERSIARAN SETIA DAGANG, SETIA ALAM, SEKSYEN U13, 40170 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 8 JANUARY 2019 AT 10:30 A.M.

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDER WATCHDOG GROUP

- 1) **The Company in its announcement to Bursa Malaysia on 21 December 2018 stated that the Company have incorporated a one-member limited liability company in Vietnam to undertake manufacturing activities of gloves and other products.**

When does the Company expect to kick start the operations in Vietnam?

On 19 December 2018, the Company incorporated "Top Glove Vietnam Company Limited". Construction of our new facility in Vietnam has commenced and is expected to be operational within the 1st calendar quarter of 2020. This facility will focus on the manufacturing of vinyl gloves.

- 2) **As stated on page 30 of the Letter to Stakeholders and Management Discussion & Analysis of the Annual Report 2018 (AR 2018), the Company planned to further diversify into medical products segment.**

Apart from participation in the sector via acquisition of Duramedical Sdn Bhd and manufacturing of condom, what are other medical products that the Company is interested to tap on?

The Company has set a target to become a Fortune Global 500 Company by 2040. In order to achieve this, we will need to grow our current business and also venture into new businesses. As the Company's customer base is mainly from the healthcare industry, we would as a matter of course, be interested to venture into manufacturing other healthcare related products, which would enable us to better serve our existing customers. Healthcare-related products the Company is keen to explore include catheters, face masks, surgical gowns, medical tubes, elastic rubber straps and laboratory products.

- 3) **As stated on page 52 of the Sustainability Statement of the AR 2018, the Company recorded higher incident and severity rate in FY18, to 3.82 cases per 1,000 employees (2017: 2.31 cases) and 21.29 per million hours (2017: 14.05) worked respectively.**

i) What were the reasons for the increase in the incident and severity rate?

The increased rates in FY2018 were mainly due to the following:

- a) An increase in the number of factories and production lines operational during the year:
- new factories, such as F30 and F31
 - newly acquired factories F33, F34, F36, F37 and F38, which are transitioning to follow the Group's safety standard requirements

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- b) Additional automation being carried out, where manpower per million pieces reduced over the year, resulting in a higher incident rate per 1,000 employees, as the formula is calculated based on incidents per 1,000 employees.
- c) An intake of over 3,000 new workers in 2018, who require training and familiarization with Safety Operating Procedures.

ii) What are the measures taken to ensure a safer workplace for all employees?

We have adopted a "Zero Harm" approach (Think Safe/Work Safe/ Home Safe) in the implementation of a safety culture at the workplace.

Measures to ensure a safer workplace for all employees are ongoing. These include increasing safety awareness initiatives and the frequency of training sessions with more structured modules. Additionally, daily spot checks for all potential hazards that can lead to accidents are conducted, while safety procedures particularly in factories, have since been strictly enforced. We are also intensifying our focus on Safety Operating Procedure training for both experienced and new workers, to enhance their awareness and competency.

The well-being of our people continues to be a foremost priority and underscoring its importance, we established Top Glove Global Doctors, a super-clinic and ambulatory centre (staffed with 2 doctors, 1 dentist and 3 nurses) for our employees. We have also engaged 5 full-time Corporate Nutritionists to drive health programs and initiatives at Top Glove.

4) As stated in Note 25 on page 162 of the AR 2018, the Group has trade receivables amounted to RM102.4 million that are past due at the reporting date but not impaired.

i) What are the efforts taken to recover RM102.4 million trade receivables?

Of the total RM102.4 million trade receivables as at 31 August 2018, RM96.96 million has been collected to date. Efforts by the Company to recover outstanding sums are as follows:

- a) A weekly management review of accounts overdue and close follow-up with customers.
- b) Discussions with customers regarding non-payment and resolving issues by accepting a discounted payment, if delay in payment is related to an issue on glove quality.
- c) Review of credit terms provided.
- d) Imposing interest on amount overdue.
- e) Issuance of demand letters.

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(Annexure "A" of the summary of key matters discussed in the 20th AGM – cont'd)

ii) Does the Board foresee any impairment for these amounts?

The Company has impaired RM3.4 million of the overdue amount. No further amount is required to be impaired presently, but we will continue to monitor the position.

5) The Company found irregularities in Aspion's balance sheet items, particularly inventories, plant and machineries after the completion of the RM1.37 billion takeover in April 2018.

What are the possible measures could be taken to strengthen the Group's due diligence procedures, moving forward?

The Company is in the midst of reviewing the Group's due diligence process, with possible areas for improvement amongst others, as follows:

- a) Strengthening the M&A team with more hires possessing relevant skill sets.
- b) Establishing a minimum timeframe for the completion of a due diligence exercise, depending on the size and complexity of the transaction.
- c) Establishing a minimum scope for a due diligence exercise, depending on size and complexity of the transaction.
- d) Physical sighting of the assets and inventories, and not to solely rely on warranty provided.
- e) Management to invest more quality time in the evaluation process.