

TOP GLOVE CORPORATION BHD.

[Registration No. 199801018294 (474423-X)]

(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY HELD AT TG GRAND BALLROOM 1, LEVEL 9, TOP GLOVE TOWER, 16, PERSIARAN SETIA DAGANG, SETIA ALAM, SEKSYEN U13, 40170 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 8 JANUARY 2020 AT 10:30 A.M.

DIRECTORS PRESENT	:	Tan Sri Dr. Lim Wee Chai (<i>Chairman</i>) Dato' Lee Kim Meow (Managing Director) Dato' Lim Han Boon Tan Sri Rainer Althoff Mr. Lim Hooi Sin Mr. Lim Cheong Guan Puan Sri Tong Siew Bee Datuk Noripah Kamso Ms. Sharmila Sekarajasekaran Datuk Dr. Norma Mansor Puan Azrina Arshad
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>) Ms. Lim Keat See (<i>Company Secretary</i>)

WELCOME ADDRESS

Dato' Lee Kim Meow welcomed all present to the Twenty-First Annual General Meeting of the Company and introduced the Board of Directors ("**Board**") and the Secretary of the Company to all present.

CHAIRMAN

Tan Sri Dr. Lim Wee Chai ("**Tan Sri Dr. Chairman**") was in the Chair. Tan Sri Dr. Chairman welcomed all present to the Twenty-First Annual General Meeting of the Company and called the Meeting to order at 10:30 a.m.

QUORUM

The requisite quorum being present pursuant to Article 72 of the Company's Constitution, Tan Sri Dr. Chairman declared the Meeting duly convened.

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The Meeting noted that 607 proxy forms had been received from shareholders, representing 1,725,431,486 shares (67.40%) within the stipulated prescribed period of 48 hours before the time for convening this Meeting.

The Meeting was informed that the Company is using 31 December 2019 as the determinant date of the General Meeting Record of Depositors.

The Meeting noted that in compliance with Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements and pursuant to Article 76 of the Company's Constitution, all resolutions set out in the Notice of the Meeting shall be voted by poll via electronic means to expedite verification and counting of votes.

The Meeting was informed that the Share Registrar, Securities Services (Holdings) Sdn. Bhd. would act as the Poll Administrator and Commercial Quest Sdn. Bhd. would act as the Independent Scrutineer to verify the results of the poll. The voting process for all resolutions set out in the Notice of the Meeting would be carried out after deliberations on all the resolutions indicated in the Notice of the Meeting were completed.

NOTICE

The Notice convening the Meeting having been circulated within the prescribed period, was with the permission of the Meeting, taken as read.

1.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

The Meeting was informed that the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 31 August 2019 together with the Reports of the Directors and the Auditors thereon.

At this juncture, Mr. Lim Cheong Guan presented to the shareholders, the Company's performance and the questions received from Minority Shareholders Watch Group ("**MSWG**") as well as the Company's responses to MSWG. The Meeting noted the same as stipulated under [Annexure "A"](#) attached to this Minutes.

Upon answering the questions raised by the shareholders/proxies/corporate representative as stipulated under [Annexure "B"](#) attached to this Minutes, it was declared that the Audited Financial Statements for the financial year ended 31 August 2019 together with the Reports of the Directors and the Auditors thereon, be received.

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2.0 RE-ELECTION OF THE FOLLOWING DIRECTORS WHO RETIRED PURSUANT TO ARTICLE 94 OF THE COMPANY'S CONSTITUTION AND BEING ELIGIBLE, HAVE OFFERED THEMSELVES FOR RE-ELECTION:

(A) TAN SRI DR. LIM WEE CHAI; AND

(B) MR. LIM CHEONG GUAN

The Meeting was informed that the next item on the Agenda was to re-elect the retiring Directors namely, Tan Sri Dr. Lim Wee Chai and Mr. Lim Cheong Guan, who retired by rotation pursuant to Article 94 of the Company's Constitution, and being eligible for re-election, had offered themselves for re-election.

The Meeting noted that in adherence to the Malaysian Code on Corporate Governance, the Directors concerned who are also shareholders of the Company would abstain from voting on the resolution in respect of their re-election.

The resolution in relation to the re-election of Tan Sri Dr. Lim Wee Chai was proposed by Mr. Leung Shing Fook, a shareholder, and seconded by Mr. Ng Weng Choong, a proxyholder.

The resolution in relation to the re-election of Mr. Lim Cheong Guan was proposed by Mr. Leung Shing Fook, a shareholder, and seconded by Mr. King Hao Kai, a shareholder.

The Meeting was informed that Mr. Tay Seong Chee, Simon who has served on the Board as an Independent Non-Executive Director for more than three (3) years and retired by rotation in accordance with Article 94 of the Company's Constitution, has notified the Board that he does not wish to seek for re-election as a Director of the Company. Hence, Mr. Tay Seong Chee, Simon shall retire as a Director of the Company at the conclusion of this Meeting.

Dato' Lee Kim Meow on behalf of the Board and Management, recorded their utmost appreciation to Mr. Tay Seong Chee, Simon for his three (3) years of dedicated service and contribution of his valuable experience, skills and knowledge, to astutely guide the organisation forward.

3.0 RE-ELECTION OF PUAN AZRINA ARSHAD, THE DIRECTOR WHO RETIRED PURSUANT TO ARTICLE 100 OF THE COMPANY'S CONSTITUTION AND BEING ELIGIBLE, HAS OFFERED HERSELF FOR RE-ELECTION

The Meeting was informed that the next item on the Agenda was to re-elect the retiring Director namely, Puan Azrina Arshad, who retired pursuant to Article 100 of the Company's Constitution, and being eligible for re-election, had offered herself for re-election.

The resolution was proposed by Mr. Lom Kiat Seng, a shareholder, and seconded by Mr. King Hao Kai, a shareholder.

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4.0 PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

The Meeting was informed that the next item on the Agenda was to approve the payment of Directors' fees amounting to RM1,237,503.00 (Ringgit Malaysia: One Million Two Hundred and Thirty-Seven Thousand Five Hundred and Three only) for the financial year ended 31 August 2019.

The Meeting was further informed that in adherence to the Malaysian Code on Corporate Governance, the Directors concerned who are also shareholders of the Company would abstain from voting on this resolution.

The resolution was proposed by Mr. Chong Soo Chien, a shareholder, and seconded by Mr. Ng Weng Choong, a proxyholder.

5.0 PAYMENT OF DIRECTORS' BENEFITS (EXCLUDING DIRECTORS' FEES) TO THE NON-EXECUTIVE DIRECTORS UP TO AN AMOUNT OF RM300,000.00 FROM 9 JANUARY 2020 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN YEAR 2021

The Meeting was informed that the next item on the Agenda was to approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors of up to an amount of RM300,000.00 (Ringgit Malaysia: Three Hundred Thousand only) from 9 January 2020 until the next Annual General Meeting of the Company to be held in year 2021.

The Directors' benefits comprised the meeting allowances payable to the Non-Executive Directors.

The Meeting was informed that in adherence to the Malaysian Code on Corporate Governance, the Non-Executive Directors who are also shareholders of the Company would abstain from voting on this resolution.

The resolution was proposed by Mr. Ng Weng Choong, a proxyholder, and seconded by Mr. King Hao Kai, a shareholder.

6.0 RE-APPOINTMENT OF MESSRS. ERNST & YOUNG AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AND AUTHORISATION TO THE DIRECTORS TO FIX THEIR REMUNERATION

The Meeting was informed that the next item on the Agenda was 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.

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The Meeting was further informed that Messrs. Ernst & Young had indicated their willingness to continue as Auditors of the Company.

The resolution was proposed by Mr. Teoh Han Chong, a shareholder, and seconded by Mr. King Hao Kai, a shareholder.

7.0 SPECIAL BUSINESS
ORDINARY RESOLUTION NO. 1
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

The Meeting was informed that the next item on the Agenda was a special business to approve the Ordinary Resolution no. 1 on authority to issue shares pursuant to the Companies Act 2016.

The Meeting was further informed that the proposed adoption of the Ordinary Resolution no. 1 was for the purpose of granting a renewed general mandate ("**General Mandate**") and empowering the Directors of the Company pursuant to the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, would expire at the conclusion of the next Annual General Meeting of the Company. The General Mandate would provide flexibility to the Company for allotment of shares for any possible fundraising activities, including but not limited to placement of shares for the purpose of funding future investment project(s), working capital and/or acquisitions.

The resolution was proposed by Mr. Ng Weng Choong, a proxyholder, and seconded by Mr. King Hao Kai, a shareholder.

8.0 SPECIAL BUSINESS
ORDINARY RESOLUTION NO. 2
- PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Meeting was informed that the next item under special business was to approve the Ordinary Resolution no. 2 on proposed retention of Independent Non-Executive Director.

The Meeting noted that the proposed adoption of the Ordinary Resolution no. 2 was for the purpose of retaining Dato' Lim Han Boon as the Independent Non-Executive Director of the Company when his tenure exceeds a cumulative term of nine (9) years on 21 February 2020 pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance. Dato' Lim Han Boon was appointed as an Independent Non-Executive Director of the Company since 21 February 2011 and was re-designated as Senior Independent Non-Executive Director on 8 January 2019. The Board based on the

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recommendation of the Board Nomination and Remuneration Committee, considered him to be independent and believed that he should be retained as a Senior Independent Non-Executive Director based on the justifications as set out on Page 250 of the Annual Report 2019.

The resolution was proposed by Mr. Ng Weng Choong, a proxyholder, and seconded by Mr. Lom Kiat Seng, a shareholder.

9.0 SPECIAL BUSINESS
ORDINARY RESOLUTION NO. 3
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Meeting was informed that the next item under special business was to approve the Ordinary Resolution no. 3 on proposed renewal of share buy-back authority.

The Meeting noted that the proposed adoption of the Ordinary Resolution no. 3 was for the purpose of renewing the authority granted by the shareholders of the Company at the Twentieth Annual General Meeting held on 8 January 2019. The proposed renewal would allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Securities Main Market Listing Requirements.

Upon answering the questions raised by the proxy as stipulated under [*Annexure "B"*](#) attached to this Minutes, the resolution was proposed by Mr. Ho Yueh Weng, a proxyholder, and seconded by Mr. Lom Kiat Seng, a shareholder.

10.0 ANY OTHER ORDINARY BUSINESS

The Meeting noted that no notice was received to transact any other ordinary business.

11.0 POLLING PROCESS

Dato' Lee Kim Meow informed that the Meeting would proceed with the electronic poll voting for all the proposed resolutions nos. 1 to 9 and declared that the registration for attendance at this Meeting closed. The Company Secretary, Ms. Chua Siew Chuan then briefed the Meeting on the procedures on the electronic polling process. The Meeting was adjourned at 12:10 p.m. for shareholders, proxies and corporate representative to cast their votes.

The results of the poll were verified by the Independent Scrutineer, from Commercial Quest Sdn. Bhd.

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12.0 ANNOUNCEMENT OF POLL RESULTS

The Meeting was resumed at 12:31 p.m. and Dato' Lee Kim Meow invited the Company Secretary, Ms. Chua Siew Chuan to announce the results of the poll voting.

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 re-elect Tan Sri Dr. Lim Wee Chai who retires pursuant to Article 94 of the Company's Constitution and being eligible, has offered himself for re-election.	1,163,141,090	99.41	6,872,642	0.59	Carried
Resolution 2 To re-elect Mr. Lim Cheong Guan who retires pursuant to Article 94 of the Company's Constitution and being eligible, has offered himself for re-election.	1,833,255,904	99.94	1,071,380	0.06	Carried
Resolution 3 To re-elect Puan Azrina Arshad who retires pursuant to Article 100 of the Company's Constitution and being eligible, has offered herself for re-election.	1,735,320,582	96.44	64,081,502	3.56	Carried
Resolution 4 To approve the payment of Directors' fees for the financial year ended 31 August 2019.	1,116,002,142	99.99	17,550	0.002	Carried

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Resolution	Vote in favour		Vote against		Results
	No. of shares	%	No. of shares	%	
Resolution 5 To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM300,000.00 from 9 January 2020 until the next Annual General Meeting of the Company to be held in year 2021.	1,821,514,842	99.99	9,450	0.001	Carried
Resolution 6 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.	1,419,722,693	77.36	415,393,491	22.64	Carried
Special business					
Resolution 7 Authority to issue shares pursuant to the Companies Act 2016.	1,773,921,434	96.66	61,294,750	3.34	Carried
Resolution 8 Proposed retention of Dato' Lim Han Boon as an Independent Non-Executive Director	1,827,385,354	99.66	6,252,630	0.34	Carried
Resolution 9 Proposed renewal of share buy-back authority.	1,772,052,834	96.56	63,098,450	3.44	Carried

Based on the results of the poll voting, Tan Sri Dr. Chairman declared all the resolutions as set out in the notice dated 13 November 2019 be **CARRIED**.

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TERMINATION

Tan Sri Dr. Chairman concluded the Meeting and thanked all present for their attendance. The Meeting terminated at 12:35 p.m. with a vote of thanks to Tan Sri Dr. Chairman.

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Annexure "A"

EXTRACT OF THE MINUTES OF THE TWENTY-FIRST ANNUAL GENERAL MEETING OF TOP GLOVE CORPORATION BHD. ("**TOP GLOVE**" OR "**THE COMPANY**") HELD AT TG GRAND BALLROOM 1, LEVEL 9, TOP GLOVE TOWER, 16, PERSIARAN SETIA DAGANG, SETIA ALAM, SEKSYEN U13, 40170 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 8 JANUARY 2020 AT 10:30 A.M.

RESPONSE TO MINORITY SHAREHOLDERS WATCH GROUP ("MSWG")

1) The Company has launched a green product, Biogreen Biodegradable Nitrile Gloves in June 2019. (page 31 of Annual Report)

(a) What are the key features of the Biodegradable nitrile gloves as compared with the normal nitrile gloves?

Response:

- i) Biodegrade at least 10x faster than conventional nitrile gloves based on the internationally-recognised ASTM D5511 Standard Test.
- ii) Biodegradable nitrile gloves are specially designed to biodegrade in landfills through a microbial process. Hence, biodegradation does not occur under normal storage conditions. The shelf life is similar to that of regular nitrile gloves.
- iii) Provides an "end-of-life" solution to reduce accumulation of waste in landfills.
- iv) Designed with accelerator free formulation to minimise risk of Type IV hypersensitivity or Delayed-Type Hypersensitivity reaction.

(b) What is the market reception to this new nitrile gloves?

Response:

Our biodegradable nitrile gloves have been well-received by customers, especially those from Europe, who view our move towards developing more sustainable product very positively. We also see a growing demand in green products from developing countries such as the Middle East and Asia. However, the development of this product was not motivated by sales and profit alone, but also a desire to positively impact the environment.

(c) What is the sales volume of this new nitrile gloves in financial year ("FY") 2019 and what is the expected sales volume in FY 2020?

Response:

These gloves were officially launched in June 2019 and current sales volume is relatively low. However, we expect demand to pick up over the years to come as more customers sharpen their focus on sustainability and integrate ESG considerations into their purchase decisions.

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2) The Group has expanded into the manufacturing of condoms.

(a) What was the revenue and profit recorded in FY 2019?

Response:

Our condom segment recorded a revenue of RM34k and loss after tax of RM1.8 million in FY 2019. The loss was mainly due to initial start-up costs and low utilisation.

(b) What are the challenges that the Company is facing in the manufacturing and sales of condoms? How is the Company overcoming these challenges?

Response:

- i) As a higher risk/higher classification product, the registration process for condoms is lengthy, ranging from one (1) to two (2) years depending on the level of complexity in the respective country to which it is being exported. The following is some of the registrations that we have submitted with the target completion.

Country	Target Completion
MDA Product Reg	March 2020
South Africa SABS	April 2020
WHO Prequalification	April 2020
Singapore HSA	September 2020
USA FDA 510 (k)	October 2020
China CFDA	July 2021
Russia Registration	July 2021

- ii) In addition, prequalification by WHO (World Health Organisation) is a requirement for most public tenders.
- iii) We have reached out to key relevant condom players to finalise commercial terms while the product is in progress of respective country registrations. In tandem, we are also able to tap Top Glove's huge glove customer base and have successfully gotten our glove customers to start trial orders. So far, we have already started exporting our condoms to Asia, Africa, Middle East and Europe, and expecting more sales from 2020 onwards.
- iv) Our experienced and focused manufacturing team has a variety of condoms in the pipeline to cater for different markets needs from both public and private sectors.

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(c) When will the sales of condoms becoming a major profit earner for the Group?

Response:

The Group's profit contribution from condoms will not be substantial, as this is expected to be outweighed by sales from gloves and future expansion in glove capacity and increasing market share.

(d) Are the condoms marketed under OEM or under the Group's own brand?

Response:

Our condoms are marketed both under our own brand as well as OEM. We continue to identify the right partner to work with to penetrate the market for our in-house brand, while noting the good business potential for OEM, including customised specifications for well-established OEM branded condoms in the market, which will allow us to further expand our condom footprint globally.

3) Aspion Sdn. Bhd. ("Aspion") contributed RM240.5 million revenue and a profit of RM2.83 million to the Group's result. The profit margin is only 1.2% (page 186 of the Annual Report)

(a) What are the reasons for Aspion's low net profit margin in FY 2018?

Response:

The revenue and profit cited was for a 5-month period from April 2018 to August 2018, upon completion of the acquisition. The low net profit margin is mainly due to the following:

- i) Initial business operation impact arising from the removal of former Director after Top Glove took legal action against the vendor for fraudulent misrepresentation. Top Glove has since put in place a new management team to improve the business operations.
- ii) Low utilisation rate while improvements are being made on the production lines.

(b) What are the measures taken to improve the profit margin of Aspion?

Response:

Management has implemented the following to improve Aspion's performance:

- i) Further enhancement, modification and improvement of the glove production process with the latest technology and automation to ensure better quality and cost efficiency.
- ii) Allocation of additional resources from the Engineering team, Group Human Resources, Factory Heads and Managers, with some personnel

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based on-site, to work with the Aspion team for better and more transparent management.

- iii) Tapping into Top Glove's worldwide marketing and distribution capability to increase its sales and utilisation.
- iv) On-going review of the selling price for the surgical gloves.

(c) What is Aspion's revenue and profit contribution to the Group in FY 2019?

Response:

For FY 2019, Aspion recorded a revenue of RM489 million and a net profit of RM10.2 million.

(d) Is there potential for Aspion's goodwill to be impaired in the coming years as Aspion's profit is low?

Response:

Having assessed the recoverable amount of Aspion based on its value-in-use, which in turn is determined based on the future cash flow projections of Aspion as stated in page 131 and page 193 of the FY 2019 Annual Report, our finding is that no impairment is required.

Management recognises challenges are to be anticipated in the course of running a business. However, as the Group leverages Aspion's technology and surgical expertise, while tapping on its own extensive customer base, manufacturing and procurement capabilities, it is confident that Aspion's contribution towards the enlarged Group will be enhanced moving forward.

4) The Group's associate company, Value Add Sdn. Bhd. ("VASB") recorded a loss of RM9.9 million in FY 2019 as compared with a profit of RM22.8 million in FY 2018. The revenue registered a slight drop of RM3.37 million or 22.4% in FY 2019 as compared to FY 2018. (page 189 of Annual Report)

(a) What are the reasons for the sharp drop in VASB's profit?

Response:

The sharp drop in VASB's profit in FY 2019 compared with FY 2018 is mainly due to unrealised foreign exchange ("**forex**") impact, as the property was funded through United States Dollar ("**USD**") borrowings. VASB is in operating profit position without the forex impact. The USD strengthened against the Ringgit Malaysia ("**MYR**") by 2.8% in FY 2019 as compared to FY 2018, whereas the USD weakened against the MYR by 3.8% in FY 2018 as compared to FY 2017.

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(b) What is VASB's business?

Response:

VASB is principally engaged in the business of property letting.

(c) What are the measures being taken to address the drop in profit of VASB?

Response:

VASB is looking into possible hedging options to mitigate the forex currency impact.

5) In the segment reporting under the business unit from the People's Republic of China ("PRC"), the external revenue reduced by RM88.2 million or 49.9% in FY 2019, as compared to FY 2018. The lower revenue resulted in this business unit reporting a loss of RM9.54 million in FY 2019 as compared to a profit of RM27.7 million in FY 2018. (page 219 of the Annual Report).

(a) What are the reasons for the substantial drop in revenue and profit for FY 2019?

Response:

To clarify, the loss reported for FY 2019 should be RM3.95 million as per page 219 of the FY 2019 Annual Report and not RM9.54 million as stated in the question.

The main reason for the drop in revenue and profit for FY 2019 is mainly the competitive environment and oversupply of vinyl gloves in China, which caused the selling price for vinyl gloves to reduce from around USD14 per carton to USD10 per carton.

(b) What is the outlook of this business unit in FY 2020?

Response:

We have seen improvements in our China segment in first quarter of FY 2020 ("**1QFY20**"), with a marked reduction in losses from a loss of RM3.6 million in fourth quarter of FY 2019 to a loss of RM1.6 million in 1QFY20.

(c) What are the measures taken to address the declining trend in revenue and higher losses of PRC's business unit?

Response:

The vinyl glove business tends to be more cyclical in nature, as we have experienced similar situations since we started in early 2000. We have also started construction of our new vinyl factory in Vietnam and may consider

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relocating our existing China operations to Vietnam as the cost structure is lower in Vietnam.

Corporate Governance Matters

- 1) **The Company in its 2019 MCG Report states that it has adopted Practice 4.3 - Step Up where the Board has a policy which limits the tenure of its Independent Directors ("ID") to nine (9) years.**

It was stated in the explanation on the adoption of the practice that "if the Board intends to retain an ID beyond nine (9) years, it should provide justification and seek shareholders' approval annually or re-designate the ID as a Non-ID".

Please take note this is not in compliance of Practice 4.3 which does not provide for extensions beyond the nine (9) years tenure.

Response:

The Board had on 18 June 2019 adopted the ID Tenure Policy to limit the tenure of ID to a cumulative term of nine (9) years. There is no extension beyond the nine (9) years unless the Board Nomination and Remuneration Committee ("**BNRC**") viewed that the said ID's contribution still valuable and is in critical need to be retained for a period of time.

Moreover, the Board also recognised that longer service can help bridge the Management transitions by providing historical context and perspective and longer-serving Directors may be better positioned to guide and advise the Management. Hence, the Tenure Policy also allowed the Board to retain an ID beyond the nine (9) years' term in exceptional cases, subject to the assessment of the BNRC on an annual basis, recommend and subject to valid justifications and obtaining shareholders' approval.

- 2) **Puan Azrina Arshad was appointed as an Independent Non-Executive Director ("INED") on 8 January 2019 on the retirement of Tan Sri Arshad Ayub on the same date. Puan Azrina Arshad is the daughter of Tan Sri Arshad Ayub.**
- (a) **Why did the Board did not seek to appoint an "outsider" as an INED to replace Tan Sri Arshad Ayub instead of appointing Puan Azrina Arshad as an INED?**

Response:

During his tenure as an INED of the Company, Tan Sri Arshad Ayub has exercised his due care and carried out his professional duties proficiently during his eighteen (18) years' service as our Board member. Puan Azrina Arshad is an Architect with Post Graduate Diploma in Architecture, Oxford Brookes University, United Kingdom, a reputable professional and business woman. The BNRC had reviewed the credentials of Puan Azrina Arshad upon recommendation by Tan Sri Arshad and accepted that Puan Azrina Arshad

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would be able to continue her father's legacy to serve the Company and to support the continued growth of the Company in achieving its Fortune Global 500 company dream.

(b) Please explain how her experience as an architect can bring value to the Group as an INED?

Response:

Top Glove's efforts in the immediate term will be on growing the market share to 30% in order to ensure that the Company is able to meet the rising global glove demand.

Henceforth, by having Puan Azrina on Board as an INED and with her working experiences in architecture field coupled with her good rapport with various local authorities, she would be able to contribute positively to the Company on the factories expansion plan and also guide the Group towards achieving the Green Building Index certified status and other best practices for its building and factories development/expansion needs.

Besides, Puan Azrina's passion and keen interest as well as her various encounters in Environmental, Social and Governance (ESG) aspects will contribute greatly to the development of ideas and integrating the UN Sustainability Development Goals towards the Company's sustainability journey.

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Annexure "B"

EXTRACT OF THE MINUTES OF THE TWENTY-FIRST ANNUAL GENERAL MEETING OF TOP GLOVE CORPORATION BHD. ("**TOP GLOVE**" OR "**THE COMPANY**") HELD AT TG GRAND BALLROOM 1, LEVEL 9, TOP GLOVE TOWER, 16, PERSIARAN SETIA DAGANG, SETIA ALAM, SEKSYEN U13, 40170 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 8 JANUARY 2020 AT 10:30 A.M.

QUESTIONS FROM THE SHAREHOLDERS/PROXIES/ CORPORATE REPRESENTATIVE

On behalf of Tan Sri Dr. Lim Wee Chai ("**Tan Sri Dr. Chairman**"), Dato' Lee Kim Meow ("**Dato' Lee KM**") invited questions from the floor in respect of the Audited Financial Statements for the financial year ended 31 August 2019.

Mr. Devanesan a/l J A Evanson ("**Mr. Devanesan**"), Corporate Representative from Minority Shareholders Watch Group ("**MSWG**"), complimented Top Glove for the excellent financial performance achieved for the financial year ended 31 August 2019. Mr. Devanesan then raised the following comments/questions on Corporate Governance:

- (a) Mr. Devanesan explained the Practice 4.3 (Step Up) : The Board of Directors ("**Board**") has a policy which limits the tenure of its Independent Directors to nine (9) years.

He asserted that if the Company adopts Practice 4.3 (Step Up), its Independent Directors are not allowed to sit on the Board as an Independent Director after the ninth (9th) year tenure.

However, it was noted that the Independent Director Tenure Policy of Top Glove allowed the Board to retain an Independent Director beyond the nine (9) years' term in exceptional cases, subject to the assessment of the Board Nomination and Remuneration Committee on an annual basis, recommend and subject to valid justifications and obtaining shareholders' approval. Therefore, it should be disclosed as "departure" of Practice 4.3 (Step Up) in the Corporate Governance Report.

The Board took note of the comments from MSWG.

- (b) The appointment of new Director of the Company based on the recommendation of the existing Director of his/her son/daughter upon his/her retirement from the Board of Top Glove is not a good practice. The Board Nomination and Remuneration Committee shall determine the desired skills set matrix, identifying the gap and thereafter source for suitable candidate to the Board of Top Glove.

Tan Sri Dr. Lim responded that so far, the Company had appointed two (2) children of the retired Directors out of six (6) retired Directors of the Company upon the assessment and recommendations from the Board Nomination and Remuneration Committee based on the candidates' skills, experience, qualifications and capabilities. Tan Sri Dr. Chairman added that the Company should give equal opportunities to anyone who can add value to the Company. He welcomed not only the children of the retired directors, the shareholders can also recommend to him any suitable candidate who is able to contribute positively and add value to the Company.

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- (c) The reason of the Company not making announcement to Bursa Malaysia Securities Berhad ("**Bursa Securities**") pertaining to the countersuing by the former directors of Aspion Sdn. Bhd. ("**Aspion**") over the RM1.37 billion and wrongful termination after Top Glove removed them as Aspion's Directors.

In response, Mr. Lim Cheong Guan ("**Mr. CG Lim**") clarified that this countersuing is part of the legal suit against Adventa Capital Pte. Ltd. arising from an alleged conspiracy to defraud Top Care Sdn. Bhd. and Top Glove and it is not a new legal suit against the Company. Hence, no announcement is made to Bursa Securities. In addition, the amounts claim is not material to the Company.

Mr. Devanesan further commented that moving forward, the Company should consider making announcements for all legal suits whether the Company is suing or being sued by others regardless of the materiality of the amount claims for clarity purposes and shareholders' information.

The Board took note of the comments from MSWG.

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

- (a) Top Glove was ranked 35th spot in FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**FBM KLCI**"). What is the Company's strategy to maintain its FBM KLCI constituent status and the FTSE Russell's rules to be qualified as the top 35th FBM KLCI?

Mr. CG Lim responded that the financial performance and market capitalisation of the Company are key factors to maintain its FBM KLCI constituent status. The Company had recorded a strong financial performance for the first quarter for the period ended 30 November 2019.

Tan Sri Dr. Chairman added that it is difficult for a public listed company to be qualified as top 35th FBM KLCI and the Company is currently ranked 34th in FBM KLCI. The Company would strive to improve on its ranking with the strong supports from the Management team and the stakeholders.

Mr. Rien Hashim further suggested the Company to have active engagement with Bursa Malaysia and stakeholders and to ensure accurate information are being shared.

- (b) What is the projected profits of Aspion when Top Glove acquired Aspion?

In response, Mr. CG Lim informed that Aspion did not achieve the projected profit of RM80.9 million at the initial stage. However, the Company has since then implemented various action plans to turnaround Aspion.

- (c) What is the maximum profit or sales of condom business in order to retain as Shariah-compliant securities?

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In response, Tan Sri Dr. Chairman informed that the condom business segment is relatively insignificant as compared to the glove business segment. Mr. CG Lim further added that based on the threshold for Shariah-compliant securities, the non-Shariah activities should be less than 5% of revenue and less than 20% of profit before tax. As condom is only a small segment, it will not exceed such threshold as the Company continue to focus and expand the glove segment.

Mr. Chong Chee Sing, a proxyholder, raised the following questions:

- (a) What is the prospect of the Company for year 2020 especially with the on-going trade war between United States and China, as well as competition from the competitors?

In response, Tan Sri Dr. Chairman informed that for year 2020, the Company's performance should be further improved with the growing demand of rubber gloves by approximately 10% per annum coupled with the reduction in production cost arising from the enhancement of technology (automation), improvement of Engineering team and upgrading of old factories' facilities of the Company. Tan Sri Dr. Chairman further added that the rubber glove industry is very competitive especially in international market. There were approximately 80% of glove manufacturers had closed down over the past twenty (20) years. Top Glove is able to sustain through constantly enhancing and improving its technology (automation, digitalization, etc.) to reduce its production cost. Overall, the share price of the Company has appreciated for more than 7,000% or 70 times for the past 20 years and the Board is confident that it would improve further moving forward.

- (b) The dividend declared for the last financial year was low due to reduction of profit of the Company. What is the Dividend Policy of the Company?

In response, Tan Sri Dr. Chairman informed that based on the Company's Dividend Policy, the Board would declare dividend of not less than 50% of the PATAMI recorded by the Company.

Mr. Koay Chiang Loong, a shareholder, raised the following questions:

- (a) Why are the sales of glove business in emerging market is growing slower than in developed market?

In response, Tan Sri Dr. Chairman informed that the sales of glove business in developed countries is more stable compared to developing countries.

- (b) Why Top Glove's products are only available in Mr. D.I.Y. stores but not available in 99 Speedmart?

In response, Dato' Lee KM informed that Management is in the midst of discussing with 99 Speedmart on the sale of Top Glove's products at their stores. Dato' Lee KM further added that Top Glove's products are also available for sale via online platform (i.e. "<https://www.tgbuys.com>"). He then thanked the shareholders for their continuous supports of the Company's products.

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Mr. Teo Pui Meng, Harry, a shareholder, raised the following questions:

- (a) Why the profit of Aspion deviated significantly from the projected profits stated during Aspion's acquisition?

In response, Tan Sri Dr. Chairman informed that the Company had taken various actions to overcome the misrepresented profits and managed to turnaround Aspion after one and a half (1.5) years. Management would adopt a more cautious approach in any future merger and acquisition exercises moving forward.

- (b) The Company's profit margin was relatively lower than the increased revenue and is it possible to improve the profit margin of the Company rather than focusing on sales volume?

In response, Tan Sri Dr. Chairman informed that the lower profit margin might be due to other external factors such as the raw material cost and market demand which are beyond the control of the Company. Tan Sri Dr. Chairman further added that the profit margin of the Company would improve in the long-run with the investment in technology.

- (c) What is the amount of unutilised tax allowances?

In response, Mr. CG Lim informed that the Company has approximately RM100 million to RM200 million unutilised tax allowances and it is sufficient to off-set against future profits and expansions.

Mr. Shak Chee Hoi, a proxyholder, raised the following questions:

- (a) What is the main reason for passing on a portion of the costs of production to the customers instead of the full costs of production?

In response, Tan Sri Dr. Chairman informed that the determination of whether to pass a portion or full costs of production to the customers is highly dependent on the supply and demand of the products in the market. The Company might be able to pass the full costs of production to the customers if the demand is good in the market.

- (b) Based on the foreign currency risk as disclosed in the Annual Report 2019, would the Company's profit be impacted if the United States Dollar strengthen against Ringgit Malaysia?

In response, Mr. CG Lim informed that the fluctuation of foreign currency would have an impact on the revenue of the Company and it is one (1) of the factors that the Company consider when determining the selling price of its products.

Mr. William Ng Kok Kiong, a proxyholder, raised the following questions:

- (a) What are the impacts of the adoption of the Malaysian Financial Reporting Standards ("**MFRS**") 9, MFRS 15 and MFRS 16 and would these MFRSs affect the financial bottom line of the Company?

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In response, Mr. CG Lim informed that the Company had adopted the MFRS 9 earlier and there was no material impact to the Company. Similarly, there was no material impact from the adoption of MFRS 15 and MFRS 16 and the Company would continue to adopt any new MFRSs as and when required.

- (b) Based on the Statements of Financial Position of the Company for the past few years, the gap between the current liabilities and current assets of the Company is becoming wider and what are the action plans to be taken by the Company to address this issue?

In response, Mr. CG Lim informed that the Company's borrowings have increased and Management has been constantly reviewing on restructuring the Company's borrowings in order to reduce the gearing of the Company. Tan Sri Dr. Chairman further added that as the Company had embarked on rapid expansion mode over the past 2 years, the capital expenditures of the Company have also increased substantially. The Company had recently implemented cost cutting measures and strive to improve on the receivables going forward.

In respect of the Ordinary Resolution no. 3 on the proposed renewal of share buy-back authority, Mr. Ho Yueh Weng, a proxyholder, enquired on the rationale of transferring the treasury shares for the Share Grant Scheme as well as the determination of the timing of selling of treasury shares during the last financial year.

Mr. CG Lim responded that the purpose of selling of treasury shares is to generate additional cash for the Company. Tan Sri Dr. Chairman further added that the treasury shares were utilized for the Employees Share Grant Scheme as part of the Company's retention strategy.