

TOP GLOVE CORPORATION BERHAD

(Company No. 474423-X)

(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF TOP GLOVE CORPORATION BERHAD (“**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, 10 OCTOBER 2018 AT 11:45 A.M.

DIRECTORS PRESENT : Tan Sri Dr Lim Wee Chai (*Chairman*)
Tan Sri Dato’ Seri Utama Arshad Bin Ayub
Tan Sri Rainer Althoff
Dato’ Lee Kim Meow (*Managing Director*)
Puan Sri Tong Siew Bee
Dato’ Lim Han Boon
Datuk Noripah Binti Kamsu
Mr Lim Cheong Guan
Ms Sharmila Sekarajasekaran
Mr Simon Tay Seong Chee

ABSENT WITH APOLOGIES : Datuk Dr. Norma Mansor
Mr Lim Hooi Sin

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. Chin Mun Yee (*Company Secretary*)

CHAIRMAN

Tan Sri Dr Lim Wee Chai (“**Tan Sri Chairman**”) was in the Chair. Tan Sri Chairman welcomed all present to the Extraordinary General Meeting of the Company and called the Meeting to order at 11:45 a.m.

QUORUM

The requisite quorum being present pursuant to Article 70 of the Company’s Articles of Association, Tan Sri Chairman declared the Meeting duly convened.

The Meeting was informed that proxies have been received from 385 shareholders, representing 1,012,089,621 shares (79.06%) within the stipulated prescribed period of forty-eight (48) hours before the time for convening the Meeting.

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The Meeting noted that the Company applied 3 October 2018 as the determinant date of the General Meeting Record of Depositors.

In compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements and pursuant to Article 74 of the Company's Articles of Association, the resolution 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 Company's share registrar, Securities Services (Holdings) Sdn. Bhd. was appointed to act as the poll administrator and Commercial Quest Sdn. Bhd. was appointed to act as the independent scrutineer to verify the results of the poll.

The Meeting was further informed that the poll would be conducted upon completion of all deliberations on the resolutions indicated in the Notice of Meeting dated 18 September 2018.

NOTICE

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

The Meeting was informed that this Meeting was convened to consider and seek the shareholders' approval on the followings:

- (i) Proposed Bonus Issue of up to 1,280,229,124 new ordinary shares in Top Glove ("**Top Glove Shares**") ("**Bonus Shares**") on the basis of 1 Bonus Share for every 1 existing Top Glove Share held ("**Proposed Bonus Issue**");
- (ii) Proposed issuance of Guaranteed Exchangeable Bonds with an aggregate principal amount of up to United States Dollars (USD) 300 million ("**Proposed Bonds Issue**"); and
- (iii) Proposed amendments to the Constitution of Top Glove ("**Proposed Amendments**").

It was noted that the Proposed Bonus Issue and the Proposed Amendments were inter-conditional. The Proposed Bonds Issue and the Proposed Bonus Issue were not conditional to one another. The Proposed Bonds Issue and the Proposed Amendments were not conditional to one another.

The Meeting was informed that further information on the above proposals and the full text of the resolutions pertaining to the said proposals were set out in the Circular to Shareholders dated 18 September 2018 circulated to all shareholders earlier.

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1.0 ORDINARY RESOLUTION 1

- PROPOSED BONUS ISSUE OF UP TO 1,280,229,124 NEW ORDINARY SHARES IN TOP GLOVE ("TOP GLOVE SHARES") ("BONUS SHARES") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING TOP GLOVE SHARE HELD ("PROPOSED BONUS ISSUE")**
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Tan Sri Chairman informed that the first item on the Agenda was to obtain the shareholders' approval on the Ordinary Resolution no. 1 in respect of the Proposed Bonus Issue.

Several questions were raised at the Meeting and were addressed by the Board as stipulated under "Annexure A" as attached to this Minutes.

The resolution was proposed by Mr. Leung Shing Fook, a shareholder and seconded by Mr. Ng Aik Pheng, a shareholder.

2.0 ORDINARY RESOLUTION 2

- PROPOSED ISSUANCE OF GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO UNITED STATES DOLLARS (USD) 300 MILLION ("PROPOSED BONDS ISSUE")**
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The Meeting was informed that the next item on the Agenda was to approve the Ordinary Resolution no. 2 in respect of the Proposed Bonds Issue.

Mr Lim Cheong Guan, the Executive Director of the Company was invited to brief the shareholders on the Company's responses to Minority Shareholder Watch Group's queries as per "Annexure B" attached to this Minutes.

Several questions were raised at the Meeting and were addressed by the Board as stipulated under "Annexure A" as attached to this Minutes.

The resolution was proposed by Mr. Leung Shing Fook, a shareholder and seconded by Mr. Ng Aik Pheng, a shareholder.

3.0 SPECIAL RESOLUTION

- PROPOSED AMENDMENTS TO THE CONSTITUTION OF TOP GLOVE ("PROPOSED AMENDMENTS")**
-

The Meeting was informed that the last item on the Agenda was to approve the Special Resolution in respect of the Proposed Amendments.

The Meeting noted that the Proposed Amendments was to facilitate the issuance of the Bonus Shares under the Proposed Bonus Issue.

There being no questions raised from the floor, the resolution was proposed by Mr. Leung Shing Fook, a shareholder and seconded by Mr. Teoh Han Chong, a shareholder.

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4.0 POLLING PROCESS

Tan Sri Chairman informed that the Meeting would be adjourned for electronic poll voting for the proposed resolutions and declared that the registration for attendance at the Meeting be closed.

Since the shareholders were briefed on the procedure on the electronic polling process at the Extraordinary General Meeting held earlier that morning, the Meeting was adjourned at 12:40 p.m. for shareholders, proxy holders and corporate representative to cast their votes.

The results of the poll were verified by independent scrutineer from Commercial Quest Sdn. Bhd.

5.0 ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 12:50 p.m. and Tan Sri Chairman invited the Company Secretary, Ms Chin Mun Yee to announce the result of the poll.

The results of the poll voting were as follows:

Resolution	Vote in Favour		Vote Against	
	No. of Shares	%	No. of Shares	%
<u>Ordinary Resolution 1</u> Proposed Bonus Issue of up to 1,280,229,124 new Ordinary Shares in Top Glove ("Top Glove Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every 1 existing Top Glove Share held	1,033,458,935	100.00	0	0.00
<u>Ordinary Resolution 2</u> Proposed issuance of Guaranteed Exchangeable Bonds with an aggregate principal amount of up to United States Dollars (USD) 300 million	1,030,731,034	99.74	2,727,901	0.26
<u>Special Resolution</u> Proposed amendments to the Constitution of Top Glove	1,033,457,935	100.00	1,000	0.00

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Based on the results of the poll voting, Tan Sri Chairman declared that the following resolutions be **CARRIED**:

ORDINARY RESOLUTION 1

- **PROPOSED BONUS ISSUE OF UP TO 1,280,229,124 NEW ORDINARY SHARES IN TOP GLOVE ("TOP GLOVE SHARES") ("BONUS SHARES") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING TOP GLOVE SHARE HELD ("PROPOSED BONUS ISSUE")**

THAT, subject to the passing of the Special Resolution, and the approvals of all relevant authorities and/or parties being obtained:

- (a) the Proposed Bonus Issue as set out in section 2.1 of the circular to shareholders of the Company dated 18 September 2018 ("Circular"), be and is hereby approved;***
- (b) the board of directors of the Company ("Board") be and is hereby empowered and authorised to allot and issue up to 1,280,229,124 new Top Glove Shares in the share capital of the Company (including treasury shares) on the entitlement date to be determined later on the basis of 1 Bonus Share for every 1 existing Top Glove Share held on such date;***

THAT, the Bonus Shares shall, upon allotment and issue, rank equally in all respects with the then existing issued Top Glove Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions unless the allotment and issue of such Bonus Shares were made on or before the entitlement date of such dividends, rights, allotments and/or other distributions;

AND THAT, the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all acts and things in the manner as the Board may consider necessary or expedient in order to implement, finalise and give full effects to the Proposed Bonus Issue.

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ORDINARY RESOLUTION 2

- PROPOSED ISSUANCE OF GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO UNITED STATES DOLLARS ("USD") 300 MILLION ("PROPOSED BONDS ISSUE")

THAT, subject to the approvals of all relevant authorities and/or parties being obtained:

- (a) approval be and is hereby given to the Company to issue guaranteed exchangeable bonds with an aggregate principal amount of up to USD300 million ("Bonds") via Top Glove Labuan Ltd ("Top Glove Labuan") with a coupon rate (if any) and at an issue price to be determined later and that the Bonds, shall be unconditionally and irrevocably guaranteed by the Company, and exchangeable into new Top Glove Shares at an exchange price to be determined by the Directors and otherwise on such further terms and conditions as the Directors may determine and as provided in the trust deed to be entered into by Top Glove Labuan, the Company and the trustee for the Bonds ("Trust Deed") and/or such other documents to be entered into constituting the Bonds;***
- (b) the use of proceeds from the Proposed Bonds Issue, as detailed in Section 5 of the Circular, be and is hereby approved; and***
- (c) the Board be and is hereby empowered and authorised to:***
 - (i) allot and issue such number of new Top Glove Shares, credited as fully paid-up, to the order of the holders of the Bonds which are required to be issued upon the exchange of the Bonds in accordance with the terms and conditions of the Bonds to be provided in the Trust Deed;***
 - (ii) vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, and in the best interest of the Company, subject to (where required) the approval of the relevant authorities;***

THAT, such new Top Glove Shares shall, upon allotment and issue, rank equally in all respects with the then existing issued Top Glove Shares, save and except that such new Top Glove Shares will not be entitled to any dividends, rights, allotments and/or other distributions unless the allotment and issue of such new Top Glove Shares were made on or before the entitlement date of such dividends, rights, allotments and/or other distributions;

AND THAT, the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements, deeds, undertakings, indemnities, transfers, assignments and guarantees and/or documents with any party or parties as it may consider necessary or expedient in order to implement and complete the Proposed Bonds Issue including but not

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limited to, determine the terms and conditions of the Bonds, make applications to authorities and regulatory bodies for any approvals and consents required, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms and conditions of the Bonds, as the Board may deem fit, necessary, expedient and/or appropriate in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection therewith in order to implement, finalise and give full effect to the Proposed Bonds Issue and that all previous actions taken by the Board or any Director of the Board in connection with the Proposed Bonds Issue are hereby ratified.

SPECIAL RESOLUTION

- **PROPOSED AMENDMENTS TO THE CONSTITUTION OF TOP GLOVE ("PROPOSED AMENDMENTS")**

THAT, subject to the passing of the Ordinary Resolution 1 and the approvals of all relevant authorities and/or parties (if required) being obtained, the proposed amendments to the Constitution of the Company as set out in the Circular be and are hereby approved;

AND THAT, the Board be and is hereby authorised and empowered to sign, execute, deliver and cause to be delivered on behalf of the Company all documents as the Board may consider necessary, with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Amendments.

TERMINATION

Tan Sri Chairman concluded the Meeting and thanked all present for their attendance. The Meeting was closed at 12:52 p.m. with a vote of thanks to Tan Sri Chairman.

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QUERIES FROM THE MEMBERS

ORDINARY RESOLUTION 1

- **PROPOSED BONUS ISSUE OF UP TO 1,280,229,124 NEW ORDINARY SHARES IN TOP GLOVE ("TOP GLOVE SHARES") ("BONUS SHARES") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING TOP GLOVE SHARE HELD ("PROPOSED BONUS ISSUE")**

Mr. Ho Yueh Weng, a proxy raised the following questions:

- 1) What are the differences between bonus issue and share split?
- 2) What are the rationales of implementing the bonus issue prior to the issuance of Guaranteed Exchangeable Bonds ("**Bonds**")?
- 3) What are the rationales of not implementing the issuance of Bonus Shares in stages over a period of time?

Mr. Lim Cheong Guan ("**Mr. CG Lim**"), the Executive Director of the Company replied to questions nos. 1 and 2 as follows:

- There is no difference between bonus issue and share split with the no par value regime under the Companies Act 2016.
- The timing of issuance of Bonds is subject to the market condition. Top Glove has six (6) months from the date of Bursa Malaysia Securities Berhad's ("**Bursa Malaysia**") approval to issue the Bonds and the Board would consider the market condition prior to the issuance of the Bonds.

Tan Sri Dr Lim Wee Chai ("**Tan Sri Lim**") replied to question no. 3 as follows:

- The rationale of not implementing the issuance of Bonus Shares in stages over a period of time is to promote efficiency. In addition, with the issuance of Bonus Shares it would adjust Top Glove Shares price in the market to be affordable to the public to purchase Top Glove Shares and participate in Top Glove's growth. Top Glove Shares' market capitalisation has appreciated more than 80 times since its listing on Bursa Malaysia.

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

- 1) When is the target date for the issuance of Bonus Shares?

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- 2) As Top Glove is one (1) of the top 30 companies with large market capitalisation on Bursa Malaysia, would the issuance of the Proposed Bonus Issue affect the Company's position in the Kuala Lumpur Composite Index ("**KLCI**")?
- 3) What is the total cost incurred by the Company on the issuance of Bonus Shares?

Mr. CG Lim replied to questions nos. 1 and 3 as follows:

- Based on the tentative timeline, the targeted date of issuance of Bonus Shares is by end of October 2018.
- The total costs incurred for the issuance of Bonus Shares was less than RM100,000/-.

Tan Sri Lim replied to question no. 2 as follows:

- Despite of the Company's market capitalisation of approximately RM13.5 billion, Top Glove was ranked between 28 to 32 amongst the top 100 companies on Bursa Malaysia and the constituency of KLCI is at the discretion of Bursa Malaysia.

Mr. Edmund Ng, a proxy enquired whether the Company has received any question from the Minority Shareholders Watch Group ("**MSWG**").

Mr. CG Lim replied that the Company has received questions from MSWG in relation to the issuance of Bonds and the Board would project the questions from MSWG and the Company's responses to the same at the later part of the Meeting.

ORDINARY RESOLUTION 2

- PROPOSED ISSUANCE OF GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO UNITED STATES DOLLARS (USD) 300 MILLION ("PROPOSED BONDS ISSUE")

Mr. Tan Sin Su, a shareholder requested the Directors to explain further in respect of the selling restriction stated on page 5 of the Circular to Shareholders i.e. "in the primary market, the Bonds will be offered exclusively to (i) persons in Labuan or outside of Malaysia or entities established or registered under the laws of Labuan; and (ii) persons falling within the categories of excluded offers and invitation of debentures as set out in Section 8(5) of the Labuan Financial Services and Securities Act 2010 and to certain non-United States of America resident persons as defined in Section 902(k) of Regulation S in offshore transactions under the United States Securities Act of 1933 subject to the relevant selling restriction on the offer, sale and transfer of the Bonds, in, amongst others, the United States of America, the United Kingdom, European Economic Area (excluding the United Kingdom), Malaysia, Hong Kong, Singapore and Japan."

Mr. Yong Wee Hoo, Partner, Zaid Ibrahim & Co. replied that the Bonds would be offered exclusively to persons in Labuan or outside of Malaysia or entities registered or established under the laws of Labuan and it is not intended to offer to persons in Malaysia or entities

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registered or established under the laws of Malaysia. Any offer of Bonds to persons or entities in Malaysia required the Securities Commission Malaysia's approval.

Mr. Wan Heng Wah, a shareholder and proxy raised the following questions:

- 1) The rationale of fixing the exchange premium.
- 2) Has the redemption price been determined?

Mr. CG Lim replied to questions nos. 1 and 2 as follows:

- The illustrative exchange premium tabulated in the Circular to Shareholders was for illustration purposes as the final exchange premium would be determined later, subject to the range of 10% to 40% above the reference share price.
- The Company has yet to determine the redemption price. The Company has the option for an early redemption at 100% of the principal amount or at a premium to be determined later.

Mr. Ho Yueh Weng, a proxy raised the following questions:

- 1) What are the reasons for the Bonds being unrated?
- 2) What are the reasons for having negative pledge as mentioned on page 8 of the Circular to Shareholders i.e. "the Issuer and our Group may provide negative pledge in respect of security interests to secure certain international investment securities, subject to exceptions and qualifications to be agreed"?
- 3) What is the meaning of the Bonds will not be undertaken on a minimum subscription basis?
- 4) What are the possible impacts on the Company's gearing level if the Bondholders refuse to convert the Bonds to Top Glove Shares?
- 5) What is the interest saving for issuance of Bonds as compared to obtaining conventional syndicated loan from financial institution?
- 6) What is the impact of appreciation of Ringgit Malaysia against United States Dollar to the Company?

Mr. CG Lim replied to questions nos. 1 to 5 as follows:

- Rating is not required for the Bonds.
- The Group is restricted from providing security interests to secure certain international investment securities with the issuance of the Bonds.

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- There is no minimum amount of Bonds to be issued or a minimum amount of proceeds to be raised.
- In the event that the Bondholders decided not to convert its Bonds to Top Glove Shares, the Bonds would mature at the fifth year from its issue date. If the Bondholders decided not to convert its Bonds to Top Glove Shares, the impact on gearing is minimal as the Bonds itself is part of the external borrowings, and Top Glove will make use of the internal cash flow from operations and external debts to redeem the Bonds.
- In comparison with the conventional syndicated loan, the cost of funding was approximately 2.8% or higher whilst the coupon rate of the Bonds is assumed to be around 1%, arriving at the cost saving of approximately RM25.0 million.

Tan Sri Lim replied to question no. 6 as follows:

- The fluctuation of foreign currency would not have a significant impact on the Company as the main reason of issuance of Bonds denominated in foreign currency is to mitigate the fluctuation of currency risk.

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

- 1) What is the estimated costs of the Proposed Bonds Issue?
- 2) When is the anticipated completion date of the Proposed Bonds Issue?
- 3) What is the basis of payment of interests?
- 4) Based on Bank Negara Malaysia's ("**BNM**") ruling in respect of export proceeds, can the Company utilise the export proceeds for the coupon payment in future?
- 5) As the Bonds offer a coupon rate of 1% whilst the syndicated loan is about 3%, what is the reason for the difference and the advantages of Bonds over syndicated loan?
- 6) Will the Company present its performance forecast in the roadshow for the issuance of Bonds?

Mr. CG Lim replied to questions nos. 1 to 4 as follows:

- The total costs of the proposals i.e. Proposed Bonus Issue, Proposed Bonds Issue and Proposed amendments to the Constitution of Top Glove was approximately RM14.0 million.
- The Company has a period of six (6) months from the date of Bursa Malaysia's approval to issue the Bonds and the completion date has yet to be determined.

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- The coupon for the Bonds are usually paid on an annual or semi-annual basis. However, this has yet to be determined.
- The Company has obtained approval from BNM to utilise the export proceeds to repay the Bonds.

Tan Sri Lim replied to questions nos. 5 and 6 as follows:

- From the Bondholders' perspective, as the Bonds might be exchanged to Top Glove Shares, the Bondholders might have a potential capital gain arising from the appreciation of share price of Top Glove whereas syndicated loan does not provide the same.
- The Company would not present its performance forecast during its roadshow as the Company needs to comply with the relevant regulations and requirements in relation to the listed companies.

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QUERIES FROM MINORITY SHAREHOLDERS WATCH GROUP

- 1) Why the Board not considered a Right Issue ("**RI**") in Ringgit terms and instead opted for a Guaranteed Exchangeable Bonds ("**GEB**")? The RI has the following advantages over GEB:
 - a. No interest payment, currency exchange and interest rate risks in a RI as compared to the GEB;
 - b. Lower expenses incurred in a RI compared to a GEB;
 - c. A RI allows shareholders to participate in a growing company compared to a GEB?
- 2) Can the Board provide some indicative figures on the GEB bond yield, coupon rate, redemption price and exchange price for the shareholders information before they vote on the resolution to approve the GEB issue?
- 3) As stated on page 7 of the Circular, "Upon the occurrence of certain events to be determined prior to the issuance of the Bonds, the Bondholders may be entitled to proposed bonus issue a right prior to the maturity to require the Issuer to redeem".

Mr. Lim Cheong Guan, the Executive Director of the Company briefed the Meeting on the Company's responses to the questions raised above as follows:

- After due consideration of the various methods of fund-raising, including RI, the Board is of the opinion that GEB is the most appropriate means for raising funds due to the following:
 - (i) A USD denominated funding instrument will be naturally hedged against the Group's revenue from its export business which are mainly denominated USD;
 - (ii) The GEB will minimise the immediate dilutive effect on the Group's basic earnings per share (EPS), as the GEB are only expected to be exchanged over a period of time during the exchange period;
 - (iii) The GEB will allow the Company to diversify its source of funding, broaden the investor base and raise the Company's profile in the global marketplace;
 - (iv) The GEB is expected to enable the Company to raise funds more expeditiously than a RI; and
 - (v) Typically, cost of equity is higher than cost of debt. As such, the GEB is expected to help the Company maintain a lower cost of capital as opposed to RI.
- Please refer to Section 2.2.1 of the Circular dated 18 September 2018. The indicative figures on the GEB bond yield, coupon rate, redemption price and exchange price could not be determined as this juncture as such terms of the GEB would depend on market conditions at the time of the offering.

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The Company would make an announcement on Bursa Malaysia Securities Berhad in relation to the final terms of the GEB by the next trading date following the pricing date of the GEB.

- The events which might entitle the Bondholders to require the Issuer to redeem the bonds would be determined prior to the issuance of GEB.

This is expected to include the following customary events which are market standards:

- (i) Change of control of Top Glove
- (ii) Delisting or suspension of Top Glove's shares
- (iii) Event of default (for instance, default on payment of principal or interest in respect of the GEB)