



TOP GLOVE CORPORATION BHD
(474423-X)

Related Party Transactions Policy

Updated as at 18 June 2019

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1. INTRODUCTION

As a public listed company, Top Glove Corporation Bhd (“the Company” or “Top Glove”) and its subsidiaries (“the Group”) would, in ordinary course of business, enter into transactions of revenue or trading in nature with a related party or parties.

In formulating this policy, the Company has taken into account the requirements contained in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR” or “the Listing requirement”) to ensure compliance with the obligations imposed.

2. OBJECTIVE

The objective of this Policy is to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treating Related Party Transaction (“RPT”) to ensure compliance with the MMLR and other applicable laws.

3. SCOPE AND APPLICATION

3.1 This policy outlines the framework and the processes for purposes of identifying, monitoring, evaluating, reporting and approving the RPTs and recurrent related party transactions (“RRPTs”). It also serves as a guide to the Board Audit Committee (“BAC”) and Board of Directors (“Board”) of Top Glove in discharging its role, which is to provide oversight over RPTs and RRPTs within the Top Glove Group.

3.2 The Policy applies to all directors of the Company and its subsidiaries.

3.3 This policy covers:

- a. the principles to be adopted in relation to the conduct of a RPT between the Company and/or its subsidiaries with a Related Party or Parties;
- b. the interpretation and application of those principles;
- c. the standard practices and procedures relating to the conduct of RPTs; and
- d. the basis of proper disclosure of such RPTs.

3.4 It is the policy of the Company to table all RPTs for review by the BAC on quarterly basis in accordance with the guidelines set forth herein.

4. SAFEGUARDS

The Corporate Services Department is to be contacted, whenever in doubt as to whether the proposed transaction is a RPT.

Although a RPT may give rise to a conflict of interest, such a RPT is allowed under the law, provided that the RPT is entered into in the best interest of the Company and complies with the applicable laws.

In view of the sensitivity of a RPT, the transacting department/subsidiary should ensure that no preference is given to a related party prior to initiating the transaction. Where practicable, it may be appropriate for the transacting department/subsidiary to obtain an independent review of the RPT. In any event, there should be proper documentation relating to the basis under which the RPT was entered into.

5. DEFINITIONS

5.1 **“Chief Executive”** in relation to a corporation, means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a Director.

5.2 **CMSA**” means the Capital Markets and Services Act 2007.

5.3 **“Director”** has the meaning given in section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:

- a. a Director of the listed issuer, its subsidiary or holding company; or
- b. a Chief Executive of the listed issuer, its subsidiary or holding company.

5.4 **“Family”** in relation to a person means such person who falls within any one of the following categories:

- a. spouse;
- b. parent;
- c. child including an adopted child and step-child;
- d. brother or sister; and
- e. spouse of the person referred in point (c) and (d) above.

5.5 **“Person Connected”** in relation to any person (referred to as “said person”), means such person who falls under any one of the following categories:

- a. a family member of the said person;
- b. a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said person, or a family member of the said person, is the sole

- beneficiary;
- c. a partner of the said person;
- d. a person or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said person;
- e. a person or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said person is accustomed or is under an obligation, whether formal or informal, to act;
- f. a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- g. a body corporate which is a related corporation of the said person.

5.6 **“Related Party”** means a director, major shareholder or persons connected with such director or major shareholder.

5.7 **“Related Party Transaction”** means a transaction entered into by the Company or its subsidiaries, which involves the interest, direct or indirect, of a related party.

5.8 **“Recurrent Related Party Transaction”** means a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the Company or its subsidiaries.

5.9 **“Transaction”** includes:

- a. the acquisition, disposal or leasing of assets;
- b. the establishment of joint ventures;
- c. the provision of financial assistance;
- d. the provision or receipt of services; or
- e. any business transaction or arrangement entered into,

by the Company or its subsidiaries but excludes transaction entered into between the Company (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary.

6. IDENTIFICATION

Register of Related Parties

The register of related parties shall be kept by the Corporate Services Department.

As the register may change from time to time, the Corporate Services Department shall update the subsidiaries/departments on the latest directors and major shareholders' interest on quarterly basis. In the event that the proposed transaction is to be entered with any of the parties identified as a related party in the list of related parties, the proposed transaction shall be deemed a RPT, provided it fulfills the requirements stated in the MMLR.

The relevant Head of Department or officer-in-charge of the Company/subsidiaries is required to report such transaction to the Corporate Services Department.

7. DISCLOSURE REQUIREMENTS

7.1 Related Party Transaction (“RPT”)

The disclosure requirements of RPT as prescribed by the MMLR are governed by percentage ratio threshold. The computation of the percentage ratios is provided for in Part 8 of this Policy. The disclosure requirements are as follows:

- 7.1.1 Top Glove must make an immediate announcement to Bursa Malaysia Securities Berhad (“Bursa Securities”) of a RPT, where the percentage ratio is 0.25% or more after the terms of the transaction has been agreed upon provided that the value of the consideration of the transaction is more than RM500,000 and it is not recurrent in nature.
- 7.1.2 If the percentage ratio for the RPT is 5% or more, the Company must:
 - (a) send a circular to the shareholders;
 - (b) obtain shareholder's approval of the transaction in general meeting; and
 - (c) appoint an independent adviser approved by the Securities Commission (“SC”).
- 7.1.3 If the percentage ratio for the RPT is 25% or more, the Company must in addition to 7.1.2 above, appoint a main adviser, who is a Principal Adviser approved by the SC.

The Principal Adviser must:

- (a) advise the Company whether such transaction is carried out on fair and reasonable terms and conditions and not to the detriment of minority shareholders of the Company;
- (b) ensure that such transaction complies with the relevant laws, regulations or guidelines, where applicable;
- (c) ensure full disclosure of all information required to be disclosed in the announcement and circular; and
- (d) confirm to Bursa Securities after the completion of the transaction and all the necessary approvals have been obtained, that it has discharged its responsibility with due care in regard to the transaction.

- 7.1.4 Top Glove must also ensure that a director with interest, direct or indirect, must abstain from Board deliberation and voting on the relevant resolution in respect of the RPT. In a general meeting to obtain shareholders' approval, a director or major shareholder with any interest, direct or indirect, or person connected to them must not vote on the resolution approving the transaction.
- 7.1.5 RPT entered by a subsidiary with another person where the percentage ratio is 5% or more, and the only related party having an interest in such transaction is not a related party to Top Glove, only immediate announcement is required, subject to the following conditions:
- a. the Board of the Company approves the transaction before the terms of transaction are agreed upon; and
 - b. that the transaction is fair and reasonable and is in the best interests of the Company.

Where the transaction reaches certain threshold of the percentage ratios, the Company is required to comply with the obligations under the MMLR as explained above.

The percentage ratios are calculated in accordance with formulas that are provided in the MMLR (reproduced in Part 8). The formula to be used depends on the type of contract/transaction. At times, one transaction may involve calculation of the percentage ratios based on several of the formulas as stated in Part 8. Therefore, all formulas must be tested as the relevant obligations under the MMLR will be invoked if any one of the figures of the percentage ratios is met.

7.2 Transactions not regarded as RPT

The following transactions are not normally regarded as RPT under paragraph 10.08(11) of the Listing Requirements:

- 7.2.1 The issue of securities by the Company for cash (subject to paragraph 6.06 of the Listing Requirements), the issue of securities by way of a bonus issue, the grant of options and the issue of securities arising from the exercise of options under the Share Issuance Scheme, subscription of securities on a pro rata basis, subdivision of shares, consolidation of shares or payment of dividend;
- 7.2.2 A transaction between the Company or its subsidiaries and another person where there are no other interested relationships except for common directorships provided that the directors who have common directorships have shareholdings in the other person

which is less than 5% other than via the Company. Also, there is no other interest such as commission or other kinds of benefits received from the Company or its subsidiaries or the other person in relation to the said transaction;

7.2.3 An acquisition or disposal by the Company or its subsidiaries from or to a third party of an interest in another corporation, where the related party holds less than 10% in that other corporation other than via the Company;

7.2.4 The provision or receipt of financial assistance or services upon normal commercial terms and in the ordinary course of business by a licensed institution whose activities are regulated by written law and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as Bursa Securities deems appropriate;

7.2.5 Director's fees and remuneration, and employment remuneration;

7.2.6 A transaction between the Company or its subsidiaries, and another person for the provision or receipt of goods and services which are considered exempted transactions where:

- a. the goods or services are purchased, sold or rendered based on a non-negotiable fixed price or rate which is published or publicly quoted; and
- b. all material terms including the prices or charges are applied consistently to all customers or classes of customers.

(the definition of goods, classes of customers and exempted transactions is as per the MMLR).

7.2.7 The entry into or renewal of tenancy of properties of not more than three (3) years, the terms of which are supported by an independent valuation;

7.2.8 A contract that is awarded by or on behalf of the Government or State Government provided an immediate announcement of the same is made to Bursa Securities;

7.2.9 A contract that is awarded by way of public tender;

7.2.10 A transaction between the Company or any of its subsidiaries and another person which involves the sharing of services or facilities provided by one or more of such parties or other similar arrangements whereby the consideration merely involves reimbursement or sharing of costs in proportion to the utilisation of the services or facilities.

Reference shall be made to the Listing Requirements for a complete list of the exempted transactions.

7.3 Recurrent Related Party Transaction (“RRPT”)

7.3.1 Under paragraph 10.09 of the Listing Requirements, a Company with an issued and paid-up capital of RM60 million and above, must immediately announce a RRPT if:

- (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (b) the percentage ratio of the RRPT is 1% or more,
- whichever is the higher.*

7.3.2 However, Top Glove may seek a Mandate from its shareholders for RRPTs subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) the shareholders’ Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders’ Mandate during the financial year where the aggregate value is equal to or more than the prescribed threshold;
- (c) the Company’s circular to shareholders for the shareholders’ Mandate includes the information as prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain the shareholders’ Mandate, the relevant interested related party, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to him abstain from voting on the resolutions approving the transactions;
- (e) Top Glove must immediately announce to Bursa Securities when the actual value of the RRPT entered into by Top Glove, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement; and
- (f) where Top Glove has procured the shareholders’ Mandate, the provisions of Paragraph 10.08 on the RPT shall not apply.

7.3.3 The following transactions are not regarded as RRPTs and therefore, the shareholders’ Mandate does not apply:

- (a) the acquisition or disposal of land or land-based property except in the circumstances set out in paragraph 3.3(a) of the Practice Note 12;

- (b) the acquisition or disposal of vessels, air craft and plants;
- (c) the entry into a lease of:
 - (i) a property for a period exceeding three (3) years; or
 - (ii) such other assets,which involve payments of rental or such consideration on a lump sum basis (i.e. other than on an equal pro-rated monthly or annual installments);
- (d) the provision of financial assistance pursuant to paragraph 8.23 of the Listing Requirements;
- (e) the acquisition or disposal of securities except in the circumstances set out in paragraph 3.3(b) of the Practice Note 12¹;
- (f) the entry into joint ventures;
- (g) the grant or exercise of an option in relation to matters set out in subparagraph (a), (b), (c) and (e) above; and
- (h) such other transactions as may be determined by Bursa Securities from time to time.

8. Percentage Ratios

Percentage ratios are figures, expressed as a percentage, used to determine the materiality of RPT resulting from each of the following calculations:

- (a) The Value of the Assets which are subject matter of the transaction
Net Assets of the listed issuer
- (b) Net Profits of the assets which are subject matter of the transaction
Net Profits attributable to the owners of the listed issuer
(before other comprehensive income of loss)
- (c) The Aggregate Value of the consideration given or received in relation to the transaction
Net Assets of the listed issuer

¹ 3.3 of the Practice Note 12: Notwithstanding paragraph 3.2 above –

(b) a listed issuer under paragraph 9.20(2)(a), (b) and (c) of the Listing Requirements may procure a Mandate for acquisition or disposal of securities which is a Recurrent Related Party Transaction.

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- (d) The number of shares issued by the listed issuer as consideration for an acquisition
Total number of Shares Previously in Issue (*excluding treasury shares*)
- (e) The Aggregate Value of the Consideration given or received in relation to the transaction
Market Value of all the Ordinary Shares of the listed issuer (*excluding treasury shares*)
- (f) The Total Assets which are the subject matter of the transaction
Total Assets of the listed issuer
- (g) (i) In respect of joint ventures, business transactions or arrangements:
The Total Project Cost Attributable to the listed issuer
Total Assets of the listed issuer
- (ii) In respect of the Joint Venture Corporation is incorporated as result of the joint venture:
The Total Equity Participation of the Listed Issuer in the joint venture corporation
(based on the eventual issued capital of the joint venture corporation)
Net Assets of the listed issuer
- (h) The Aggregate Original Cost of Investment of the subject matter of transaction
Net Assets of the listed issuer
- (in the case of a disposal and where the acquisition of the subject matter took place within last 5 years)*

9. Reporting Process

Top Glove has established a process for all RPTs and RRPTs reporting, given as follows:

9.1 RPT

- 9.1.1 Before entering into a commercial contract/agreement/transaction, the originator/buyer must identify and check for RPT element and contract value. To obtain verification from the Corporate Services Department of Top Glove, where necessary.
- 9.1.2 If it involves RPT, to notify and furnish the contract/agreement/transaction to the Corporate Services Department.
- 9.1.3 The Corporate Services Department will:
- draft announcement if the percentage ratio of a RPT is 0.25% or more and the contract value must be more than RM500,000; or
 - determine if the percentage ratio is 5% or more for preparation of draft circular to obtain Top Glove shareholders' approval; and

- c) determine if the percentage ratio is 25% or more for preparation of draft circular to obtain Top Glove shareholders' approval, appointment of independent and main advisors.
- 9.1.4 Seek clearance from the AC on the announcement under 9.1.3 a) and AC to confirm that the terms and conditions of the RPT are on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public and are in the best interests of the Company, fair, reasonable and not detrimental to the interests of the minority shareholders.
- 9.1.5 Submit the RPT announcement to the Board for deliberation and approval based on AC's recommendation (the Board's approval is not required for RPTs with contract value less than 0.25% and no announcement will be made to Bursa Securities);
- 9.1.6 Completion and signing of agreement/contract by Top Glove or its subsidiary;
- 9.1.7 Immediate announcement by the Corporate Services Department (where necessary) to Bursa Securities;
- 9.1.8 Update of Register of Related Party by the Corporate Services Department.
- 9.1.9 IA to review all RPTs.
- 9.1.10 Update AC on RPT records on quarterly basis.

9.2 RRPT

- 9.2.1 The processes are the same as RPT reporting process under steps 9.1.1 to 9.1.2 above:
 - a) Identification and checking for RRPT element and contract value. To obtain verification from the Corporate Services Department of Top Glove, where necessary.
 - b) If it is RRPT, to notify and furnish the contract/agreement/transaction to the Corporate Services Department.
- 9.2.2 The Corporate Services Department will:
 - a) update the RRPT records; and
 - b) monitor if RRPT breach the threshold. Immediate announcement will be made if the percentage ratio of a RRPT is 1% or more and the contract value is RM1 million or more, whichever is the higher; or
 - c) make immediate announcement when the actual value of RRPT exceeds the estimated value of the RRPT disclosed in the circular by 10% or more.
- 9.2.3 IA to review RRPTs on a quarterly basis.
- 9.2.4 RRPT records are tabled to the AC and Board on a quarterly basis.

10. Roles and Responsibilities

The roles and responsibilities of the Corporate Services Department in providing the RPT/RRPT information are as follows:

- a) to update the Register of Related Party;
- b) to update Directors and major shareholders of any new items and amendments to the Listing Requirements in relation to RPTs and RRPTs disclosure;
- c) to advise and assist the Board on compliance with the disclosure requirement of the Listing Requirements with respect to RPTs and RRPTs; and
- d) to prepare circular to shareholders and relevant documents for obtaining the shareholders' mandate on the new RRPTs and/or their subsequent renewals.

11. General Obligations of the Transacting Party

- 11.1 The general obligation is to act in the best interests of the Company. This means that the transacting department/subsidiary is required to ensure that the proposed transaction is conducted at arm's length and on a commercial basis or better.
- 11.2 In originating a report to the AC for review, the transacting company/subsidiary should disclose the following:
 - a) appropriate documentation or records to justify the transaction;
 - b) the price/value of the transaction;
 - c) rationale for the RPT; and
 - d) any other terms and conditions upon which the RRPT was entered into.
- 11.3 A report by the IA Department or an independent party on the reasonableness of the terms would be required.

12. Additional Compliance

- 12.1 In the event that the proposed transaction requires an immediate announcement to be made, the procedures set out in Top Glove's Corporate Disclosure Policy ("TGCDP") are to be adhered to.
- 12.2 In the event the proposed transaction requires additional compliance with the Listing Requirements, such as issuance of circular to shareholder or shareholders' approval, the matter shall be referred to the Corporate Services Department.

13. Maintenance of Records

- 13.1 Directors and major shareholders will be required to sign a form of declaration (append herewith in this policy, marked as Appendix A) which shall be kept securely by the Corporate Services Department. If there are any RPTs to be disclosed, the brief details of the transaction and the sums involved need to be disclosed by such director or major shareholder. [Practice: RPT declaration to be made annually by Directors]
- 13.2 Corporate Services Department shall ensure proper maintenance and retention of documentation, to allow the RPTs to be scrutinized by regulators or auditors. Such documentation should be readily accessible to regulators and other interested parties.

14. RPT Quarterly Review

- 14.1 All RPTs shall be reviewed by the IA Department and the Corporate Services Department from time to time to ensure compliance with the Listing Requirements and any applicable laws. The findings shall then be reported to the AC and where necessary to the Board.
- 14.2 The AC periodically reviews the procedures set by the Company to monitor RPTs to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company. All reviews by the AC are reported to the Board for further action. In its review and approval of such transactions, the AC may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals.

15. Resources

The Corporate Services Department will provide guidance, education and procedures for implementing this policy, including requirements for reporting, monitoring and review.

16. Modifications

Top Glove reserves the right to modify or amend this policy at any time as it may deem necessary in order to align the policy with Listing Requirements, Companies Act 2016, Malaysian Code on Corporate Governance 2017 and any other applicable laws enforced at the time being.

Adopted by Board: 15 June 2016

Updated and Adopted by Board on: 18 June 2019

RELATED PARTY DECLARATION FORM

Company: Top Glove Corporation Bhd

Form of Declaration

This form is required to be completed in respect of all directors of Top Glove Corporation Bhd (including that of subsidiaries) who have held office as at **[date]**.

- List of body corporate/person that the director/major shareholder or person connected to the director/major shareholder had transacted and/or likely to have transaction with the Company and/or subsidiaries of Top Glove Corporation Bhd for the following periods:

(a) [the past 12 months]

<i>Name of company/business/ family member</i>	<i>Shareholding (where relevant)</i>	<i>Position held</i>	<i>Nature of transaction(s)</i>	<i>Value of transaction for the period (RM)</i>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(b) [the future 12 months]

<i>Name of company/business/ family member</i>	<i>Shareholding (where relevant)</i>	<i>Position held</i>	<i>Nature of transaction (s)</i>	<i>Estimated value of transaction for the period (RM)</i>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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Definition:

Person connected means such person who falls under any one of the following:

- (a) family member include (i) spouse (ii) parent (iii) child including adopted child and step-child (iv) brother or sister and (v) spouse of child, brother or sister;
- (b) a trustee of a trust (other than an employee share scheme or pension scheme) under which the director or a member of his family is the sole beneficiary;
- (c) a partner of the director or a partner of a person connected with the director;
- (d) a person or a body corporate who is accustomed or under obligation to act in accordance with the directions, instructions or wishes of the director;
- (e) a body corporate where the director or person connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (f) a body corporate which is a related corporation i.e. subsidiaries.

Note: Please inform the Company in the event any such transaction described in (1) above arises in the future. Please return the completed form to the Company Secretary on or before [Date].

Signature

Name :

Date :