



**ANNUAL
REPORT
2017**
FINANCIAL YEAR ENDED
31 AUGUST 2017

TOP GLOVE CORPORATION BHD

Incorporated in Malaysia (Company No. : 474423-X)

A Public Company Listed on the Main Market of Bursa Malaysia and Main Board of Singapore Exchange

The **World's Largest** Rubber Glove Manufacturer



THE WORLD IS OUR MARKET

EXPORTS TO 195 COUNTRIES WORLDWIDE

NORTH AMERICA

1. CANADA
2. USA

LATIN AMERICA

3. ANGUILLA
4. ANTIGUA AND BARBUDA
5. ARGENTINA
6. ARUBA
7. BAHAMAS
8. BARBADOS
9. BELIZE
10. BOLIVIA
11. BRAZIL
12. BRITISH VIRGIN ISLANDS
13. CAYMAN ISLANDS
14. CHILE
15. COLOMBIA
16. COSTA RICA
17. DOMINICA
18. DOMINICAN REPUBLIC
19. ECUADOR
20. EL SALVADOR
21. GRENADA
22. GUADELOUPE
23. GUATEMALA
24. GUYANA
25. HAITI
26. HONDURAS
27. JAMAICA
28. MARTINIQUE
29. MEXICO
30. MONTSERRAT
31. NETHERLANDS ANTILLES
32. NICARAGUA
33. PANAMA
34. PARAGUAY
35. PERU
36. PUERTO RICO
37. SAINT BARTHELEMY
38. SAINT KITTS AND NEVIS
39. SAINT LUCIA

40. SAINT MARTIN
41. SAINT VINCENT AND GRENADINES
42. SURINAME
43. TRINIDAD & TOBAGO
44. TURKS AND CAICOS
45. U.S. VIRGIN ISLANDS
46. URUGUAY
47. VENEZUELA

EUROPE

48. ALBANIA
49. ANDORRA
50. AUSTRIA
51. BELGIUM
52. BOSNIA HERZEGOVINA
53. BULGARIA
54. CROATIA
55. CZECH REPUBLIC
56. DENMARK
57. ESTONIA
58. FINLAND
59. FRANCE
60. GERMANY
61. GREECE
62. HUNGARY
63. ICELAND
64. IRELAND
65. ITALY
66. KOSOVO
67. LATVIA
68. LIECHTENSTEIN
69. LITHUANIA
70. LUXEMBOURG
71. MACEDONIA, FYR
72. MALTA
73. MOLDOVA
74. MONACO
75. MONTENEGRO
76. NETHERLANDS
77. NORWAY
78. POLAND
79. PORTUGAL
80. ROMANIA
81. RUSSIA
82. SAN MARINO
83. SERBIA
84. SLOVAKIA
85. SLOVENIA
86. SPAIN
87. SWEDEN
88. SWITZERLAND
89. UNITED KINGDOM

AFRICA

90. ALGERIA
91. ANGOLA
92. BENIN
93. BOTSWANA
94. BURKINA FASO
95. BURUNDI
96. CAMEROON
97. CAPE VERDE
98. CHAD
99. COMOROS
100. REPUBLIC OF THE CONGO
101. DJIBOUTI
102. EGYPT
103. EQUATORIAL GUINEA
104. ETHIOPIA
105. ERITREA
106. GABON
107. GAMBIA
108. GHANA
109. GUINEA
110. GUINEA-BISSAU
111. KENYA
112. LESOTHO
113. LIBERIA
114. MADAGASCAR
115. MALAWI
116. MALI
117. MAURITANIA
118. MAURITIUS
119. MOROCCO
120. MOZAMBIQUE
121. NAMIBIA





ASIA

- | | | |
|----------------------------|------------------|-------------------|
| 122. NIGER | 136. AFGHANISTAN | 158. MACAU |
| 123. NIGERIA | 137. ARMENIA | 159. MALAYSIA |
| 124. RWANDA | 138. AZERBAIJAN | 160. MALDIVES |
| 125. SAO TOME AND PRINCIPE | 139. BAHRAIN | 161. MONGOLIA |
| 126. SENEGAL | 140. BANGLADESH | 162. NEPAL |
| 127. SEYCHELLES | 141. BHUTAN | 163. OMAN |
| 128. SIERRA LEONE | 142. BRUNEI | 164. PAKISTAN |
| 129. SOUTH AFRICA | 143. CAMBODIA | 165. PALESTINE |
| 130. SWAZILAND | 144. CHINA | 166. PHILIPPINES |
| 131. TANZANIA | 145. CYPRUS | 167. QATAR |
| 132. TOGO | 146. EAST TIMOR | 168. SAUDI ARABIA |
| 133. TUNISIA | 147. GEORGIA | 169. SINGAPORE |
| 134. UGANDA | 148. HONG KONG | 170. SOUTH KOREA |
| 135. ZAMBIA | 149. INDIA | 171. SRI LANKA |
| | 150. INDONESIA | 172. TAIWAN |
| | 151. ISRAEL | 173. TAJIKISTAN |
| | 152. JAPAN | 174. THAILAND |
| | 153. JORDAN | 175. TURKEY |
| | 154. KAZAKHSTAN | 176. TURKMENISTAN |
| | 155. KUWAIT | 177. UAE |
| | 156. KYRGYZSTAN | 178. UZBEKISTAN |
| | 157. LAOS | 179. VIETNAM |

OCEANIA

- 180. AMERICAN SAMOA
- 181. AUSTRALIA
- 182. FIJI
- 183. GUAM
- 184. KIRIBATI
- 185. MARSHALL ISLANDS
- 186. MICRONESIA
- 187. NAURU
- 188. NEW CALEDONIA
- 189. NEW ZEALAND
- 190. PALAU
- 191. PAPUA NEW GUINEA
- 192. SAMOA
- 193. SOLOMON ISLANDS
- 194. TONGA
- 195. VANUATU

CORPORATE VISION AND MISSION

VISION

We strive to be the world's leading manufacturer with excellent quality glove products and services that enrich and protect human lives.

MISSION

To be a world class glove manufacturer by providing top quality products with excellent services through continuous improvement and innovation.

CORPORATE VALUES

- Global customer satisfaction
- Do it right the first time and every time
- Integrity and total commitment
- Excellence in quality and competitiveness
- Environmentally friendly and socially responsible

QUALITY POLICY

- Quality and productivity are our business
- Continuous improvement and innovation are our duties
- Towards zero defects is our target
- Compliance with customers' and regulatory requirements is our responsibility

BUSINESS RULES

- Do not lose our shareholders' money
- Do not lose our health
- Do not lose our temper
- Do not lose our customers

BUSINESS ETHICS

- Honesty
- Integrity
- Transparency



TAN SRI DR LIM WEE CHAI
Executive Chairman
Top Glove Corporation Bhd

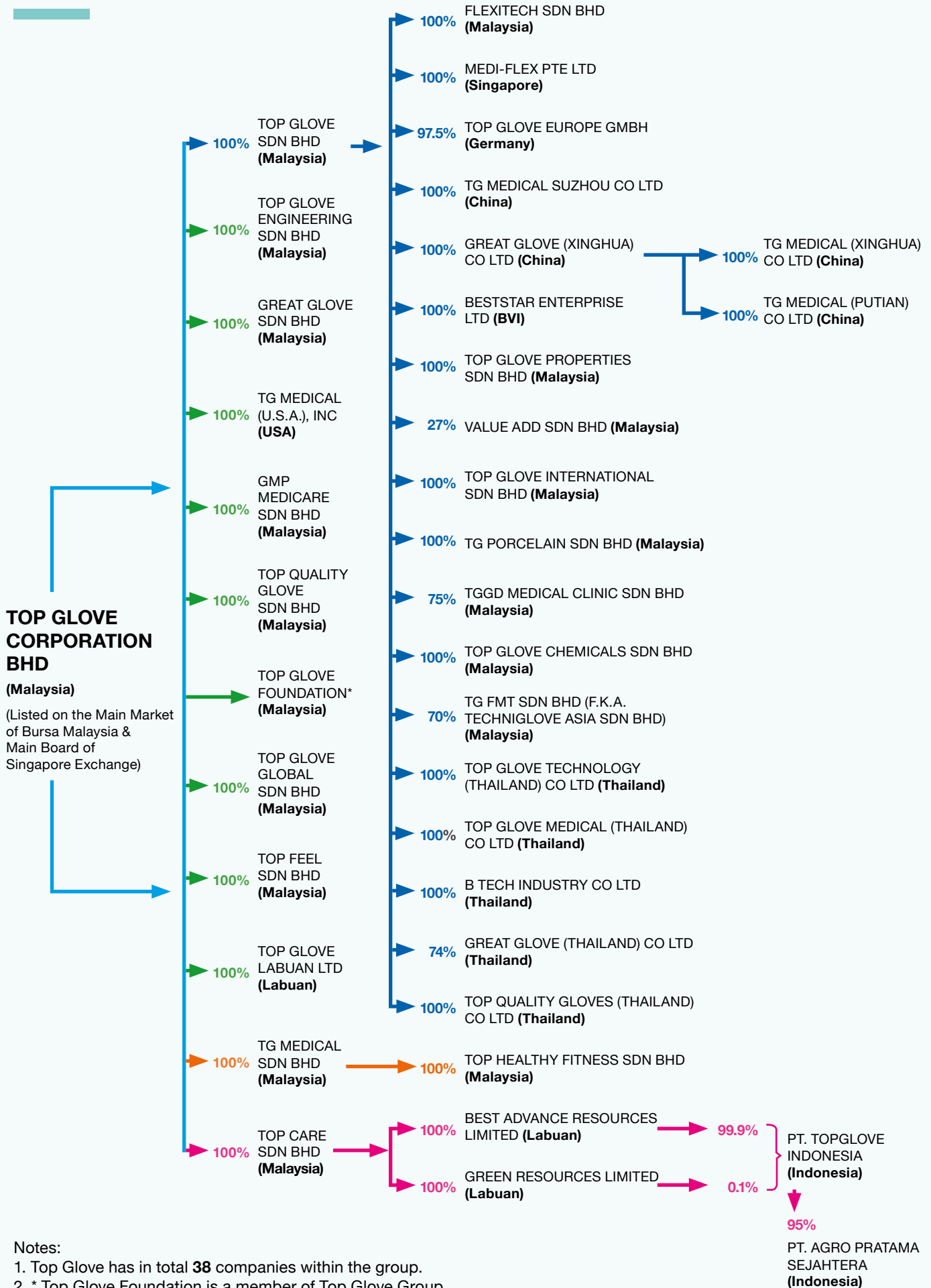
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TOP GLOVE'S GLOBAL OFFICES

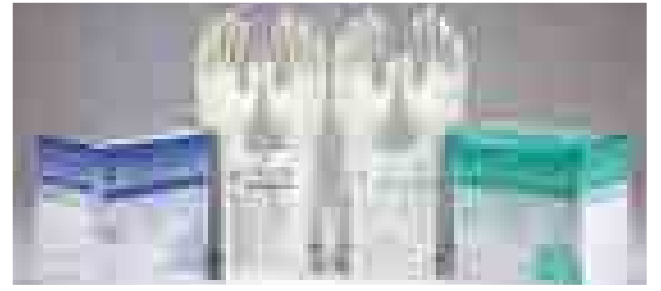


CORPORATE STRUCTURE



Notes:

1. Top Glove has in total **38** companies within the group.
2. * Top Glove Foundation is a member of Top Glove Group.



QUALITY & PRODUCTIVITY DRIVEN

Top Glove's quest for quality and productivity has garnered an array of international quality awards and certifications. This has also further strengthened its leadership position as the world's largest rubber glove manufacturer with a product presence in virtually every corner of the globe. Top Glove remains committed to the pursuit of quality enhancement, efficient expansion and continuous growth, towards providing good quality products with excellent services while enriching and protecting human lives.



INTERNATIONAL QUALITY AWARDS AND CERTIFICATIONS



NEW LEVELS OF EXCELLENCE

2017



Best Company to Work for in Asia 2017
by ICFE Asia



GRC Vietnam Awards 2017
Technology Communication Award
by Global Rubber Congress (GRC)



Asia Pacific Entrepreneurship Awards 2017
Lifetime Achievement Award
by Entrepreneur Asia



MSWG - Asian Corporate Governance Award 2017
Category: Most Award for Most Improved & Industry Excellence - Manufacturing
by TASSI



The Edge Billion Payout Club 2017
Highest growth in profit after tax for five years (Silver)
by The Edge



MOCOC Business Excellence Awards 2017
(Category: World Market Leader)
by Malaysia Chinese Business Council



Malaysian Paper Industry Leader Award 2017
by The Federation of Rubber Growers of Malaysia (FRGM)



FTSE 4Good Status
Malaysia Index

2016



MISMA - Asian Corporate Governance Award 2016
Category: Most Improved & Industry Excellence - Manufacturing
by TASSI



The Edge Billion Payout Club 2016
Highest growth in profit after tax for five years (Silver)
by The Edge



MOCOC Business Excellence Awards 2016
(Category: World Market Leader)
by Malaysia Chinese Business Council



Asia Pacific Entrepreneurship Awards 2016
Lifetime Achievement Award
by Entrepreneur Asia



Best Company to Work for in Asia 2016
by ICFE Asia



GRC Vietnam Awards 2016
Technology Communication Award
by Global Rubber Congress (GRC)



MSWG - Asian Corporate Governance Award 2016
Category: Most Award for Most Improved & Industry Excellence - Manufacturing
by TASSI



The Edge Billion Payout Club 2016
Highest growth in profit after tax for five years (Silver)
by The Edge



MOCOC Business Excellence Awards 2016
(Category: World Market Leader)
by Malaysia Chinese Business Council

2015



2014



2013



2012



1991 to 2011



BOARD OF DIRECTORS

1.	Tan Sri Dr <u>Lim</u> Wee Chai	<i>Executive Chairman</i>
2.	Tan Sri Dato' Seri Utama Arshad Bin Ayub	<i>Senior Independent Non-Executive Director</i>
3.	Tan Sri Rainer Althoff	<i>Independent Non-Executive Director</i>
4.	Lee Kim Meow	<i>Managing Director</i>
5.	Puan Sri Tong Siew Bee	<i>Executive Director</i>
6.	Lim Hooi Sin	<i>Executive Director</i>
7.	Lim Cheong Guan	<i>Executive Director</i>
8.	Dato' Lim Han Boon	<i>Independent Non-Executive Director</i>
9.	Datuk Noripah Binti Kamso	<i>Independent Non-Executive Director</i>
10.	Sharmila Sekarajasekaran	<i>Independent Non-Executive Director</i>
11.	Tay Seong Chee, Simon	<i>Independent Non-Executive Director</i>
12.	Datuk Dr. Norma Mansor	<i>Independent Non-Executive Director</i>

REGISTERED & CORPORATE OFFICE

Level 21, Top Glove Tower,
16, Persiaran Setia Dagang,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor D.E., Malaysia.
Tel. : +603-3362 3098
Fax : +603-3362 3860
E-mails :
(i) sales@topglove.com.my
(ii) invest@topglove.com.my
(iii) whistleblower@topglove.com.my
(iv) media@topglove.com.my
Website : www.topglove.com

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Dato' Seri Utama
Arshad Bin Ayub
Tel. : +603-3362 3098
E-mail : arshad.ayub@topglove.com.my

CHARTERED SECRETARIES

Chua Siew Chuan
(MAICSA No.: 0777689)

Chin Mun Yee
(MAICSA No.: 7019243)

Ngian Yoke Fung
(MAICSA No.: 7049093)
Tel. : +603-3362 3098
E-mail : yfngian@topglove.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 7113
Stock Name : TOPGLOV
Listing Date : 27 March 2001

Main Board of Singapore Exchange
Stock Code : BVA
Stock Name : Top Glove
Listing Date : 28 June 2016

ADR Programme
(Depository Receipt Programme) USA
ADR Symbol : TGLVY

REGISTRAR IN MALAYSIA

Securities Services (Holdings)
Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur, Malaysia.
Tel. : +603-2084 9000
Fax : +603-2094 9940/
+603-2095 0292
E-mail : info@sshsb.com.my

SHARE TRANSFER AGENT IN SINGAPORE

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place,
#32-01 Singapore Land Tower,
Singapore 048623.
Tel. : +65-6536 5355
Fax : +65-6438 8710
Email :
SRS.TeamC@boardroomlimited.com

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur, Malaysia.

PRINCIPAL BANKERS

- BNP Paribas Malaysia Berhad
- CIMB Bank Berhad
- Citibank Berhad
- Deutsche Bank (Malaysia) Berhad
- Hong Leong Bank Berhad
- HSBC Bank Malaysia Berhad
- Industrial and Commercial Bank of China (Malaysia) Berhad
- Malayan Banking Berhad
- Mizuho Bank (Malaysia) Berhad
- OCBC Bank (Malaysia) Berhad
- Public Bank Berhad
- Standard Chartered Bank Malaysia Berhad
- Siam Commercial Bank Public Company Limited
- Sumitomo Mitsui Banking Corporation Malaysia Berhad
- The Bank of Nova Scotia Berhad



OUR BUSINESS DIRECTION IS: TO PRODUCE CONSISTENTLY HIGH QUALITY GLOVES AT EFFICIENT LOW COST

- | | |
|----------------------------------|--|
| 1 TAN SRI DR <u>LIM</u> WEE CHAI | 7 TAN SRI DATO' SERI UTAMA ARSHAD BIN AYUB |
| 2 PUAN SRI TONG SIEW BEE | 8 DATUK NORIPAH BINTI KAMSO |
| 3 LEE KIM MEOW | 9 DATUK DR. NORMA MANSOR |
| 4 TAN SRI RAINER ALTHOFF | 10 SHARMILA SEKARAJASEKARAN |
| 5 LIM CHEONG GUAN | 11 TAY SEONG CHEE, SIMON |
| 6 LIM HOOI SIN | 12 DATO' LIM HAN BOON |



TAN SRI DR LIM WEE CHAI EXECUTIVE CHAIRMAN

Nationality/ Age : Malaysian/ 59

Gender : Male

Date of Appointment : 4 September 2000 (Founder)

Length of Service : 17 years 3 months
(as at 13 November 2017)

Date of Last Re-election : 5 January 2017

Board Committees : • Chairman of Investment Committee
(as at 13 November 2017) • Chairman of ESOS Option Committee
• Chairman of Employees' Share Grant Plan Committee

Board meeting attended in the Financial Year : 7/7

Qualification(s) : • Doctor of Philosophy in Management from University of Selangor, Malaysia
• Honorary Doctorate in Business Administration from Oklahoma City University, United States of America
• Master of Business Administration from Sul Ross State University, Texas, United States of America
• Bachelor of Science Degree with Honours in Physics from University of Malaya, Malaysia

Present Directorship(s) : **Listed entity** : Tropicana Corporation Berhad

Other public companies :

- Trustee of Top Glove Foundation
- Director of UM Capital Berhad

Present Appointment(s) : • Council Member of the National Science Council since 2017
• President of the Federation of Malaysian Manufacturers (FMM) since 2016
• Director and Board Member of University of Malaya since 2015
• Director and Board Member of the Employees Provident Fund since 2015
• Honorary President of the Malaysia-China Chamber of Commerce since 2012
• Life Honorary Advisor of The Federation of Chinese Association Malaysia since 2011
• Honorary Advisor of the Klang Chinese Chamber of Commerce since 2011
• Honorary Advisor of the Lim Association of Malaysia since 2011
• Director of Kuen Cheng High School since 2008

Past Appointment and Working Experience : Tan Sri Dr Lim has been actively involved in many glove industry related associations and organisations in Malaysia. He served as the President of the Malaysian Rubber Glove Manufacturers' Association (MARGMA) from 1997 to 1999. Prior to that, he served as the Vice-President, Honorary Secretary and Treasurer of MARGMA for seven years. In addition, he was also the Director of the Association of Malaysia Medical Industries (AMMI), Board Member of the Malaysia Rubber Board in 1998 to 1999 and Council Member of the East Asia Business Council (EABC) from 2011 to 2015.

Family Relationship with any Director and/or Substantial Shareholder of the Company : Spouse of Puan Sri Tong Siew Bee and the brother of Mr Lim Hooi Sin, both are the Directors and Substantial Shareholders of the Company. He is also the father of Mr Lim Jin Feng, a Substantial Shareholder of the Company.

PROFILE OF DIRECTORS

(CONT'D)



TAN SRI DATO' SERI UTAMA ARSHAD BIN AYUB SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

- Nationality/ Age** : Malaysian/ 89
- Gender** : Male
- Date of Appointment** : 4 September 2000
(Re-designated as Senior Independent Non-Executive Director on 12 May 2017)
- Length of Service** : 17 years 3 months
(as at 13 November 2017)
- Date of Last Re-appointment** : 5 January 2017
(Pursuant to Section 129(6) of the Companies Act, 1965)
- Board Committees** :
(as at 13 November 2017)
- Chairman of Audit Committee
 - Chairman of Nomination and Remuneration Committee
 - Member of Investment Committee
- Board meeting attended in the Financial Year** : 6/7
- Qualification(s)** :
• Postgraduate Diploma in Business Administration from Management Development Institute (IMEDE) (Now IMD), Lausanne, Switzerland
• Bachelor of Science (Hons) Economics and Statistics from University College of Wales, Aberystwyth, United Kingdom
• Diploma in Agriculture from College of Agriculture, Serdang, Malaysia
- Present Directorship(s)** : **Listed entities** :
• Chairman of Malayan Flour Mills Bhd
• Chairman of Tomypak Holdings Berhad
• Chairman of Karex Berhad
- Other public company** : Nil
- Present Appointment(s)** :
• Pro Chancellor of Universiti Teknologi Mara (UiTM)
• Chancellor of KPJ International University College of Nursing & Health Sciences
• Chancellor of INTI International University
• Governor of Tuanku Ja'afar College
- Past Appointment and Working Experience** :
• President of the Malaysian Rubber Products Manufacturers Association (MRPMA)
• Chairman of Malaysian Rubber Export Promotion Council (MREPC)
• Member of the Malaysian Rubber Board (MRB)
• Chairman of Board of Directors of University of Malaya

Had a distinguished career in the Malaysian Civil Service, had held various senior positions in various Ministries in the Malaysian Government from 1958 to 1983, including serving as Economic Officer Penang and Deputy Controller Industrial Development Division of The Then Ministry of Trade and Industry, Deputy Governor of Bank Negara Malaysia (1975 to 1977), Deputy Director General in the Economics Planning Unit of the Prime Minister's Department (1977 to 1978) and as Secretary General in the Ministry of Primary Industries (1978), Ministry of Agriculture (1979 to 1981) and Ministry of Land and Regional Development (1981 to 1983). Tan Sri Arshad was a Member of Justice Harun's Salaries Commission for statutory bodies and local government.



LEE KIM MEOW **MANAGING DIRECTOR**

Nationality/ Age : Malaysian/ 58

Gender : Male

Date of Appointment : 15 October 2003

Date of Re-designated as Managing Director : 7 April 2009

Length of Service : 14 years 1 month
(as at 13 November 2017)

Date of Last Re-election : 6 January 2016

Board Committees : • Member of Risk Management Committee
(as at 13 November 2017) • Member of ESOS Option Committee
• Member of Employees' Share Grant Plan Committee

Board meeting attended in the Financial Year : 7/7

Qualification(s) : • Bachelor of Law Degree from University of London, United Kingdom
• Bachelor of Commerce Degree from University of New South Wales, Australia majoring in Accounting, Finance and Information System

Present Directorship(s) : **Listed entity** : Nil

Other public company : Trustee of Top Glove Foundation

Present Appointment(s) : • Chairman of the Asean Rubber Glove Manufacturers Association (ARGMA) since 2013
• Trustee of MARGMA Foundation since 2015

Past Appointment and Working Experience : Mr Lee has more than 15 years of experience in financial services, trading and manufacturing business having worked in established financial institutions and with a well-known conglomerate with diversified interest in the ASEAN region.

In the past 15 years, Mr Lee has been actively contributing to the development of the rubber glove industry in Malaysia as well as the ASEAN region. He has served for 14 years as a trustee of the Malaysian Rubber Export Promotion Council (MREPC) from 2002 to 2016. He was a board member of the Malaysian Rubber Board (MRB) and the Tun Abdul Razak Research Centre (TARRC) from 2010 to 2011; and a past President of the Malaysian Rubber Glove Manufacturers' Association (MARGMA). He was also the Chairman of the Organising Committee of the International Rubber Glove Conference and Exhibition (IRGCE) from 2013 to 2016.

PROFILE OF DIRECTORS

(CONT'D)



TAN SRI RAINER ALTHOFF INDEPENDENT NON-EXECUTIVE DIRECTOR

- Nationality/ Age** : Malaysia Permanent Resident/ 71
- Gender** : Male
- Date of Appointment** : 14 March 2013
- Length of Service** : 4 years 8 months
(as at 13 November 2017)
- Date of Last Re-appointment** : 5 January 2017
(Pursuant to Section 129(6) of the Companies Act,1965)
- Board Committees** : Member of Risk Management Committee
(as at 13 November 2017)
- Board meeting attended in the Financial Year** : 7/7
- Qualification(s)** : Master degree (Diploma) in Electronics and Electrical Engineering from Bergische University of Wuppertal, Germany
- Present Directorship(s)** : **Listed entity** : Nil
Other public company : Trustee of Jeffrey Cheah Foundation
- Present Appointment(s)** :
 - Member of Rotary Club Kuala Lumpur DiRaja since 2001
 - Chief Executive Officer of ALC International Sdn. Bhd., Kuala Lumpur since 2009
 - Member of International Advisory Panel to the Board of Directors of CIMB Bank since 2009
 - Executive Director of Lauda Interactive AG, Darmstadt/ Germany since 2015
 - (Non-Administrative) Chairman of The Brand Laureate Foundation, Petaling Jaya since 2016
 - Executive Chairman of RaceRoom Sdn. Bhd., Kuala Lumpur since 2017
 - Senior Advisor to T-Systems Malaysia Sdn Bhd, Cyberjaya since 2017
- Past Appointment and Working Experience** : Has experiences in the fields of Electrical Engineering and Electronics which spans for more than 45 years. Tan Sri Rainer Althoff was the President and CEO of Siemens Malaysia Sdn Bhd, Petaling Jaya for more than 11 years and also the spokesperson of Siemens for all Siemens operations and its affiliated companies in Malaysia. He was a Non-Executive Director of Proton Holdings Berhad, Subang Jaya for 3.5 years and also the Chairman of Nokia Siemens Networks Sdn Bhd, Kuala Lumpur and Chairman of Coriant Malaysia Sdn. Bhd., Kuala Lumpur.

PROFILE OF DIRECTORS

(CONT'D)



PUAN SRI TONG SIEW BEE
EXECUTIVE DIRECTOR

Nationality/ Age : Malaysian/ 59

Gender : Female

Date of Appointment : 4 September 2000
(Co-Founder)

Length of Service : 17 years 3 months
(as at 13 November 2017)

Date of Last Re-election : 6 January 2016

Board Committees : Nil
(as at 13 November 2017)

Board meeting attended in the Financial Year : 7/7

Qualification(s) :

- Master of Business Administration from Sul Ross State University, Texas, United States of America
- Bachelor of Science Degree with Honours in Computer Science from University of Science, Malaysia

Present Directorship(s) :

Listed entity : Nil

Other public company :
Trustee of Yayasan Pendidikan Tzu Chi Malaysia

Present Appointment(s) : Nil

Past Appointment and Working Experience:
Worked in the banking industry in the information technology field for more than ten (10) years, she was formerly attached to United Overseas Bank Berhad and Utama Bank Berhad.

Family Relationship with any Director and/or Substantial Shareholder of the Company:
Spouse of Tan Sri Dr Lim Wee Chai and sister-in-law of Mr Lim Hooi Sin, both are the Directors and Substantial Shareholders of the Company. She is also the mother of Mr Lim Jin Feng, a Substantial Shareholder of the Company.



LIM HOOI SIN
EXECUTIVE DIRECTOR

Nationality/ Age : Malaysian/ 55

Gender : Male

Date of Appointment : 4 September 2000

Length of Service : 17 years 3 months
(as at 13 November 2017)

Date of Last Re-election : 6 January 2016

Board Committees : Nil
(as at 13 November 2017)

Board meeting attended in the Financial Year : 7/7

Qualification(s) :

- Charter Financial Consultant Diploma from American College, PA, United States of America
- Master Degree in Business Administration (Specialised in Applied Statistics) from Arizona State University, United States of America
- Bachelor of Science Degree in Management Science from Oklahoma State University, United States of America

Present Directorship(s) :

Listed entity : Nil

Other public company : Nil

Present Appointment(s) : Nil

Past Appointment and Working Experience:
Mr Lim spent fourteen (14) years of his career with MetLife Financial Services, one of the largest insurance and financial services company in the USA. Prior to this appointment, he was a Management Trainee, Associate Branch Manager, Regional Marketing Specialist, Agency Director and a Director of Asian Market. His experiences include product development, marketing, recruiting, training and supervision of a large highly productive sales force. He was previously a Director of AAAA (Arizona Asian American Association). He has more than 20 years of experience in the USA glove market, having been the founder of TG Medical USA, Inc. (a wholly-owned subsidiary of the company) in 1994, and served as its Executive Vice President from 2001 to 2005 and President since 2005. He also sits on the Board of several private limited companies.

Family Relationship with any Director and/or Substantial Shareholder of the Company:
Brother of Tan Sri Dr Lim Wee Chai and brother-in-law of Puan Sri Tong Siew Bee, both are Directors and Substantial Shareholders of the Company.

PROFILE OF DIRECTORS

(CONT'D)



LIM CHEONG GUAN
EXECUTIVE DIRECTOR

Nationality/ Age : Malaysian/ 52
Gender : Male
Date of Appointment : 31 August 2006
Length of Service : 11 years 3 months
 (as at 13 November 2017)
Date of Last Re-election : 5 January 2017

Board Committees (as at 13 November 2017) :

- Member of Risk Management Committee
- Member of ESOS Option Committee
- Member of Investment Committee
- Member of Employees' Share Grant Plan Committee

Board meeting attended in the Financial Year : 7/7

Qualification(s) :

- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants
- Bachelor Degree in Accounting, University of Malaya, Malaysia

Present Directorship(s) :
Listed entity : Nil

Other public company :
 Malaysian Investor Relations Association Berhad

Present Appointment(s) :

- Advisor to the Management Committee of Top Glove Foundation since year 2008
- Chairman of the Risk Working Committee since year 2014

Past Appointment and Working Experience :
 Began his career with Price Waterhouse in 1990 and subsequently held various key positions in a number of public listed companies in Malaysia whose business activities spanned over manufacturing, plantation, trading and property development.



DATO' LIM HAN BOON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Nationality/ Age : Malaysian/ 60
Gender : Male
Date of Appointment : 21 February 2011
Length of Service : 6 years 9 months
 (as at 13 November 2017)

Date of Last Re-election : 8 January 2015

Board Committees (as at 13 November 2017) :

- Chairman of Risk Management Committee
- Member of Audit Committee
- Member of Nomination and Remuneration Committee
- Member of Investment Committee
- Member of Employees' Share Grant Plan Committee
- Member of ESOS Option Committee

Board meeting attended in the Financial Year : 7/7

Qualification(s) :

- Master of Business Administration Degree from the University of South Australia, Australia
- Fellow of the Association of Chartered Certified Accountants, United Kingdom
- Chartered Accountant of the Malaysian Institute of Accountants
- Member of the Chartered Management Institute, United Kingdom
- Attended the Harvard Business School Senior Management Development Program

Present Directorship(s) :
Listed entity : Nil

Other public company : Nil

Present Appointment(s) :

- Founder/ Director of Envo Bpo Services Sdn Bhd
- Treasurer of Outsourcing Malaysia, a Chapter of PIKOM, the National ICT Association
- Board Member of Kuen Cheng High School Kuala Lumpur

Past Appointment and Working Experience :
 Dato' Lim started his career in the Chartered Accounting firm of Binder Hamlyn (now known as BDO). Subsequently, Dato' Lim spent more than twenty (20) years in the transportation and maritime logistics industry having worked for Kontena Nasional Berhad, Northport (Malaysia) Berhad as its General Manager, Corporate Services and NCB Holdings Berhad as the Group Financial Controller and Company Secretary.

He is also no stranger in the Global Business Services/ Outsourcing Industry having spent more than ten (10) years in this line, being the founder of Envo Bpo Services Sdn Bhd.

PROFILE OF DIRECTORS

(CONT'D)



DATUK NORIPAH BINTI KAMSO
INDEPENDENT NON-EXECUTIVE DIRECTOR

Nationality/ Age : Malaysian/ 60
Gender : Female
Date of Appointment : 18 March 2015
Length of Service : 2 year 8 months
(as at 13 November 2017)
Date of Last Re-election : 6 January 2016

Board Committees (as at 13 November 2017) :
 • Member of Audit Committee
 • Member of Investment Committee

Board meeting attended in the Financial Year : 6/7

Qualification(s) :
 • Master in Business Administration, Marshall University, Huntington, West Virginia, United States of America
 • Bachelor of Science, Northern Illinois University, Dekalb, Illinois, United States of America
 • Diploma in Business Studies, Institute Technology Mara, Malaysia

Present Directorship(s) :
Listed entity : Nil

Other public companies :
 • Director of Malaysia Debt Ventures Berhad
 • Director of BIMB Investment Management Berhad

Present Appointment(s) :
 • Chairman of the Islamic Finance Council, Malaysia US Chamber of Commerce, Washington DC
 • Adjunct Professor of University Utara Malaysia
 • Member of Securities Industry Dispute Resolution Center, Appeal Committee
 • Visiting Fellow in Oxford Centre of Islamic Studies, Oxford, United Kingdom

Past Appointment and Working Experience:
 Began her career as Development Officer, Project Division with Urban Development Authority (“UDA”) from 1980 to 1983 and joined Bank of Commerce (M) Berhad as Senior Corporate Banker from 1983 to 1986. She joined the CIMB group since year 1993 to 2014 and held various key positions in CIMB Group.

She was the Chief Executive Officer of CIMB Futures Sdn. Bhd. from 1996 to 2012, the Chief Executive Officer of CIMB Principal Asset Management Berhad from 2005 to 2013 and the founding Chief Executive Officer of CIMB Principal Islamic Asset Management Sdn. Bhd. from 2008 to 2012. Since 2008, she has successfully established a global platform for the firm to extend its reach to UK, Europe, GCC, Asia, USA and Australia. Datuk Noripah Kamso was a former Advisor of CIMB Islamic from 2013 to 2014.

She was also the Past President of the Malaysian Futures Brokers Association (MFBA). She was formerly a Global Practitioner in Residence in Principal Financial Group Centre for Global Citizenship, USA.



SHARMILA SEKARAJASEKARAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Nationality/ Age : Malaysian/ 49
Gender : Female
Date of Appointment : 18 March 2015
Length of Service : 2 year 8 months
(as at 13 November 2017)
Date of Last Re-election : 6 January 2016

Board Committees (as at 13 November 2017) :
 • Member of Nomination and Remuneration Committee
 • Member of Audit Committee

Board meeting attended in the Financial Year : 7/7

Qualification(s) :
 • Barrister-At-Law, Middle Temple, United Kingdom
 • Advocate & Solicitor, High Court of Malaya, Malaysia
 • B.A. Law & Economics (Hons.), Keele University, United Kingdom
 • Adjudicator, Kuala Lumpur Regional Centre for Arbitration

Present Directorship(s) :
Listed entity : Nil

Other public company : Nil

Present Appointment(s) :
 • Consultant in the Legal, Operations and Industry Development Departments of the RIM Group
 • Partner of Jerald Gomez & Associates since 2011, areas of practice are Intellectual Property, Banking Litigation, Corporate Advisory and Family & Estate Claims

Past Appointment and Working Experience:
 Began her career as legal assistant in year 1998 with Messrs. Chooi & Co., and joined Messrs. Tay & Partners as Senior Legal Assistant in the Intellectual Property Department in 2000.

She joined the RIM Group in year 2005 and held various positions in the RIM Group.

PROFILE OF DIRECTORS

(CONT'D)



TAY SEONG CHEE, SIMON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Nationality/ Age : Singaporean/ 56

Gender : Male

Date of Appointment : 15 June 2016

Length of Service : 1 Year 5 months
(as at 13 November 2017)

Date of Last Re-election : 5 January 2017

Board Committees : Nil
(as at 13 November 2017)

Board meeting attended in the Financial Year : 5/7

Qualification(s) :

- Bachelor of Laws, LLB (Honours) from the National University of Singapore
- Masters in Law, LLM from Harvard Law School

Present Directorship(s) :

Listed entity : Nil

Other public company : Nil

Present Appointment(s) :

- Advocate and solicitor of the Supreme Court of Singapore
- Chairman, Singapore Institute of International Affairs
- Associate Professor, Faculty of Law, National University of Singapore
- Senior Consultant, WongPartnership
- Global Advisory Board Member, Mitsubishi UFJ Financial Group of Japan
- Independent & Non-Executive Director, LGT Bank (Singapore) Ltd
- Independent & Non-Executive Director, Far East Organization
- Independent Director, Eurex Clearing Asia Pte Ltd (a subsidiary of the Deutsche Bourse)
- Independent Director, Hyflux Ltd. (publicly listed on the SGX)
- Commissioner, PT Oasis Waters International

Past Appointment and Working Experience :

His previous corporate appointments include the Toyota Motor Corporation Global Advisory Board (2010 to 2015) and as a Corporate Advisor to Temasek Holdings (2006 to 2009). He has spoken at leading business conferences including the World Economic Forum, APEC CEO Summits and SIBOS, and briefed major corporate boards and financial institutions about the politics and economics that matter to businesses.

From 1992 to 2008, he served in a number of public appointments for Singapore. These included serving as Chairman of the National Environment Agency, a major government agency with over 3,000 civil servants, reporting to the Minister (2002 to 2008); an independent Member of Parliament (1997 to 2001); and to coordinate the Singapore Volunteers Overseas, the country's equivalent of the Peace Corps (1990 to 1993).

He was Chair or Co-Chair for a number of public commissions such as Singapore 21, the Singapore Green Plan and the Singapore Concept Plan 2010. In 2006, Prof Tay received a National Day Award. He continues to serve Singapore in a number of roles including as an Expert and Eminent Person in the ASEAN Regional Forum, a member of the government's Climate Change Network and as Vice-Chairman of the Asia Pacific Water Forum.



DATUK DR. NORMA MANSOR
INDEPENDENT NON-EXECUTIVE DIRECTOR

Nationality/ Age : Malaysian/ 60

Gender : Female

Date of Appointment : 12 May 2017

Length of Service : 6 months
(as at 13 November 2017)

Board Committees (as at 13 November 2017) :

- Member of Risk Management Committee
- Member of Nomination and Remuneration Committee

Board meeting attended in the Financial Year : 4/4

Qualification(s) :

- Doctor of Philosophy (Ph.D.) from University of Liverpool
- Master of Public Administration (MPA) from University of Liverpool
- Bachelor of Economics (Honours) Degree from University of Malaya

Present Directorship(s) :

Listed entity : Nil

Other public company : Nil

Present Appointment(s) :

- Director of Social Security Research Centre of University of Malaya
- Vice President of Malaysian Economic Association

Past Appointment and Working Experience :

Datuk Norma started her career as a lecturer at the Department of Administrative Studies & Politics at University of Malaya in 1985. She was promoted as Associate Professor in 1992 and as Head of Department & Professor in 2000. She holds the position as an Executive Director of International Institute of Public Policy and Management from 2001 to 2004 and was subsequently appointed as Dean of the Faculty of Economics and Administration from 2004 to 2009.

Her past appointment includes the Ragnar Nurkse Visiting Professor of the School of Innovation and Governance, Tallinn University of Technology, Estonia in 2015; seconded to the Prime Minister's Department as Secretary to the National Economic Advisory Council (NEAC) from 2009 to 2011.

Datuk Norma's main research interests are associated with topics relating to Social Protection, Ageing, Public Policy, Development and Governance. She has published eight books and more than fifty academic journal articles and book chapters; and she has spoken in more than 80 conferences and events.

Note :

Save as disclosed, all other Directors have no family relationship with any Director and/or Substantial Shareholder of the Company, have no conflict of interest with the Company and have not been convicted of any offence within the past 10 years other than traffic offences, if any.

SENIOR MANAGEMENT TEAM



Lim Hock Gin Puan Dr. Teng Guan Ean Tan Jia Di Lynn Wei Chai Lee Kim Muiow Lim Cheong Guan

MANUFACTURING



MANUFACTURING



MANUFACTURING



MANUFACTURING



2nd row (left to right)

- Hui Hon Foh
- Yiong Cheong Han
- Daafir Bin Haj Ahmad
- Thomas Peterhoffer
- Farouqah Mahmud
- Jeremy Low
- Law Kai Chiang
- Eric Hoo Saw Ho
- Aaron Lam
- Pavi A.L. Supramaniam
- Chooked Mustafa

2nd row (left to right)

- Limong Chew Min
- Poon Buck Beng
- Ong Ah Ghee
- Lee Shin Heng
- Tan Chee Hoong
- Chew Yik Euan
- Geoffrey Hason
- Lim Hwa Chuah
- Apple Lau
- Thomas Sun
- Michelle Ang

4th row (left to right)

- Lim Kai Guan
- Isaac Anton Soehn
- Wissam Seloussongbaouati
- Manoir Bin Caud
- Sueh Cheong Shue
- Aileen Choh
- Wendy Yeoh
- Nalagessa Fich
- Loo Sun Nook
- Chang Chee Kiong
- Ethan Poon

5th row (left to right)

- Loei Kean Min
- Jenny Lim
- Ngian Yoke Fung
- Looi Quai Heng
- Chen Chew Lan
- Phattarasorn Pongphong
- Sau Boon Fong
- Chan Saw Lat
- Tan Lee Nam
- Sun Ming Lei
- Mahelle Yoon

PROFILE OF KEY SENIOR MANAGEMENT

The Management team is headed by the Executive Chairman, Tan Sri Dr Lim Wee Chai and Managing Director, Mr Lee Kim Meow. They are assisted by the Executive Directors, Puan Sri Tong Siew Bee, Mr Lim Hooi Sin and Mr Lim Cheong Guan; and the following key senior management team:

1

HUE KON FAH
Executive Director, Manufacturing

Nationality : Malaysian
Age/ Gender : 60/ Male
Date of appointment : 9 January 2003
Qualification(s) :
1. Bachelor of Arts (Hons) Economics
2. Diploma of The Plastics and Rubber Institute Malaysia
3. Member of Malaysian Institute of Management
Experience :
More than 36 years of experience in the electronic, plastic and glove manufacturing industry.

4

DATO' IR HAJI AHMAD B. HASSAN
Advisor, Govt. Affairs, Project & Security

Nationality : Malaysian
Age/ Gender : 70/ Male
Date of appointment : 3 September 2009
Qualification(s) :
1. Bachelor of Science, Mechanical Engineering (UK England)
2. Master Degree in Marine Technology (UK England)
Experience :
Total 47 years of working experience and qualified as Professional Engineer P.Eng of Malaysia.

2

WONG CHONG BAN
Executive Director, Manufacturing

Nationality : Malaysian
Age/ Gender : 45/ Male
Date of appointment : 9 March 1998
Qualification(s) :
Bachelor of Science, Chemistry
Experience :
More than 19 years of experience in the glove manufacturing industry.

5

LEW SIN CHIANG
Senior General Manager, Manufacturing

Nationality : Malaysian
Age/ Gender : 44/ Male
Date of appointment : 16 March 1998
Qualification(s) :
Bachelor of Science, Industrial Chemistry
Experience :
More than 19 years of experience in the glove manufacturing industry.

Mr Lew is the brother-in-law of both Tan Sri Dr Lim Wee Chai and Puan Sri Tong Siew Bee.

3

NORAZIAH MAHMUD
Senior General Manager, Marketing

Nationality : Malaysian
Age/ Gender : 48/ Female
Date of appointment : 13 December 1993
Qualification(s) :
Bachelor Degree of Management Systems (Hons)
Experience :
More than 23 years of experience in the field of marketing.

6

AARON LAM YAT HING
Senior General Manager, Marketing

Nationality : Malaysian
Age/ Gender : 51/ Male
Date of appointment : 17 January 2011
Qualification(s) :
1. Certificate in Material Engineering
2. Diploma in Material Engineering
Experience :
More than 18 years of experience in the field of marketing.

PROFILE OF KEY SENIOR MANAGEMENT

(CONT'D)

7 **JEREMY LIEW SAY KEONG**
Senior General Manager, Finance

Nationality : Malaysian
Age/ Gender : 58/ Male
Date of appointment : 3 May 2005
Qualification(s) :
Bachelor Degree in BA majoring in Finance & Accounting
Experience :
More than 31 years of experience in the field of accounting and finance.

8 **CHOOKIAD USAHA**
Senior General Manager, Manufacturing

Nationality : Malaysian
Age/ Gender : 58/ Male
Date of appointment : 1 November 2003
Qualification(s) :
1. Bachelor of Science, Electrical Engineering
2. Diploma in Management
3. Member, Institution of Engineers Malaysia
Experience :
More than 34 years of experience in various manufacturing environment.

9 **RAVI A/L SUPRAMANIAM**
General Manager, Manufacturing

Nationality : Malaysian
Age/ Gender : 52/ Male
Date of appointment : 11 January 2006
Qualification(s) :
Bachelor of Science, Mechanical Engineering
Experience :
More than 29 years of experience in the field of manufacturing.



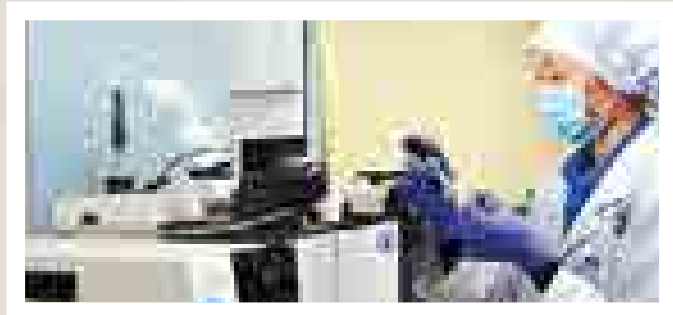
Notes:

Save as disclosed above, none of the key senior management has:

- (a) any directorship in public companies and listed issuers;
- (b) any family relationship with any directors and/ or major shareholders of the Company;
- (c) any conflict of interest with the Company;
- (d) any conviction for offences (other than traffic offences) within the past five (5) years; and
- (e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

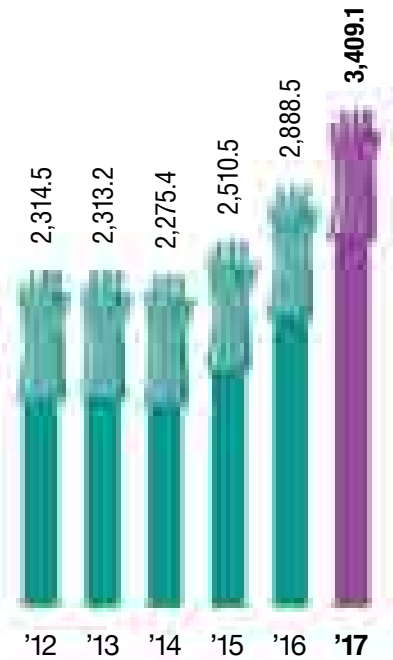
TECH-FORWARD AND R&D FOCUSED

Research and Development (R&D) has played a vital role at Top Glove. The Company's R&D Centre which was established in 2013 has helped driven the Company's aim for a long-term success to the forefront with its ongoing innovation, advanced product enhancement and continuous, focused R&D activities. The Company also believes that leveraging emerging technologies like Industry 4.0 and the implementation of "smart factories" would be the way forward towards a robust performance.

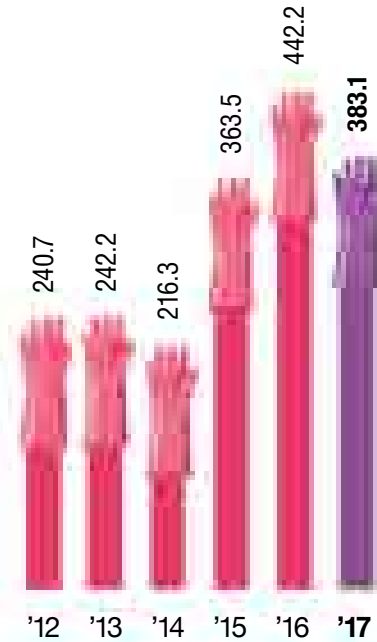


FINANCIAL HIGHLIGHTS

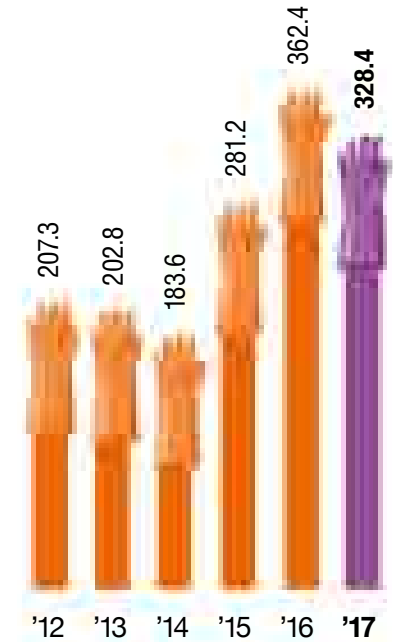
REVENUE (RM MILLION)



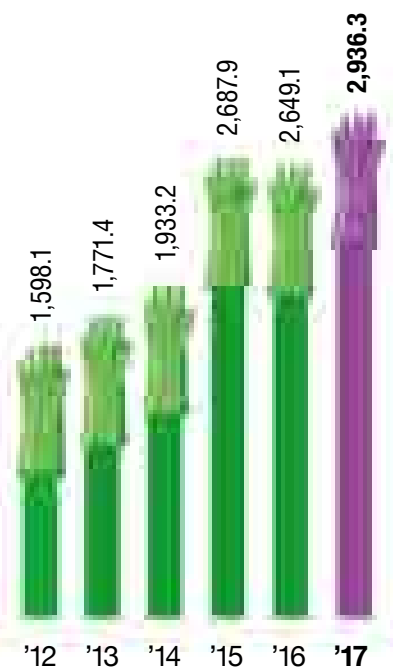
PROFIT BEFORE TAX (RM MILLION)



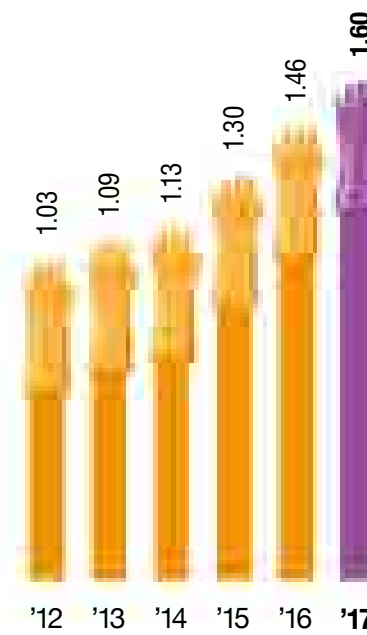
NET PROFIT (RM MILLION)



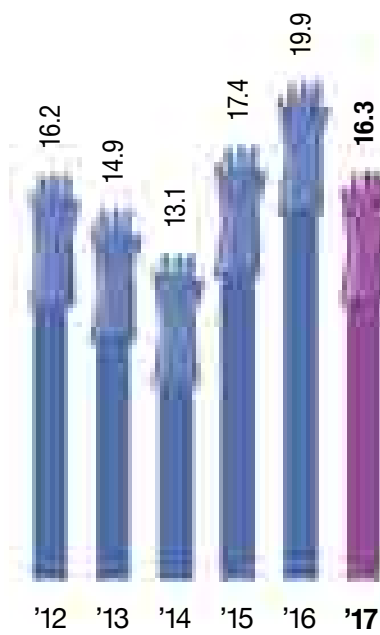
TOTAL ASSETS (RM MILLION)



NET ASSETS PER SHARE (RM)



RETURN ON EQUITY (%)



The Group registered Compounded Annual Growth Rates (CAGR) for revenue and net profit attributable to equity of 22.1% and 21.4% respectively, since listing in 2001.



Group	31.8.17 (RM'000)	31.8.16 (RM'000)	31.8.15 (RM'000)	31.8.14 (RM'000)	31.8.13 (RM'000)	31.8.12 (RM'000)
Turnover	3,409,176	2,888,515	2,510,510	2,275,366	2,313,234	2,314,454
Earning Before Interest, Depreciation & Taxation	483,992	524,682	441,714	301,800	310,618	297,682
Profit Before Taxation	383,105	442,202	363,538	216,310	242,204	240,702
Taxation	54,669	79,763	82,346	32,745	39,375	33,417
Profit After Tax	328,436	362,439	281,192	183,565	202,829	207,285
Profit Attributable to Owners of the Parent	328,571	360,729	279,781	180,523	196,500	202,726
Net Cash / (Borrowings)	70,584	303,747	180,106	157,633	158,390	308,468
Total Equity / Net Assets	2,012,481	1,825,839	1,614,393	1,397,550	1,357,841	1,279,853
Return on Equity (%)	16.3	19.9	17.4	13.1	14.9	16.2
Net Assets Per Share (RM) [#]	1.60	1.46	1.30	1.13	1.09	1.03
Basic Earnings Per Share (RM) [#]	0.26	0.29	0.22	0.14	0.16	0.16
Net Dividend (sen) [*]	14.50	14.50	11.50	8.00	8.00	8.00
Number of Shares in Issue ('000) [#]	1,254,135	1,252,648	620,860	620,664	620,220	618,880
Share Price (RM) [^]	5.61	4.25	7.72	4.79	6.14	5.29
Market Capitalisation [#]	7,035,697	5,323,754	4,793,039	2,972,981	3,808,151	3,273,875

* The comparative net assets per share, basic earnings per share and net dividend have been restated taken into account the effect of bonus issue on the basis of one new ordinary share for every one existing ordinary share held in FY2016.

[#] Based on Company's issued and paid up share capital, excluding treasury shares.

[^] As at the last trading day of the financial year.

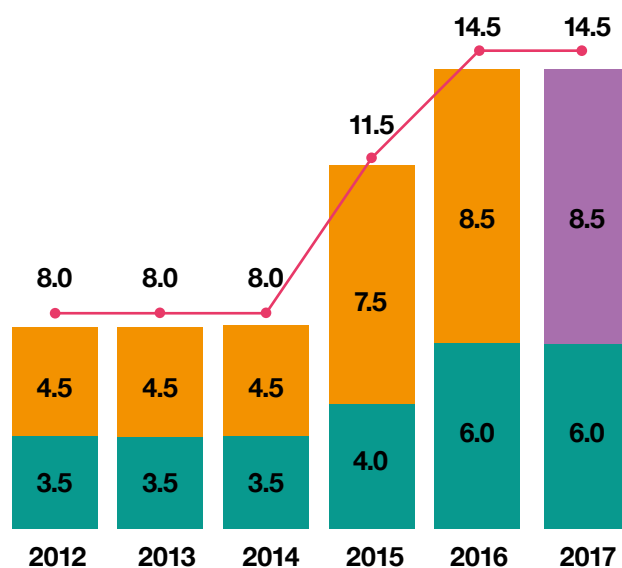
ENHANCING SHAREHOLDERS' VALUE

DIVIDEND PAYOUT

DIVIDEND POLICY :

50% OF PROFIT AFTER TAX AND MINORITY INTEREST

- Total Dividend (sen)
- Proposed Final Dividend (sen)
- Final Dividend (sen)
- Interim Dividend (sen)

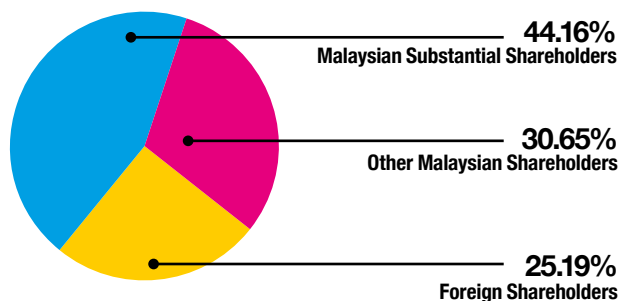


Total Dividend (RM million)	99.0	99.3	99.0	142.8	181.6	181.8
Payout Ratio (%)	49	51	55	51	50	55

TOTAL DIVIDEND PAYMENT OF RM1,053.9 MILLION SINCE LISTED IN YEAR 2001.

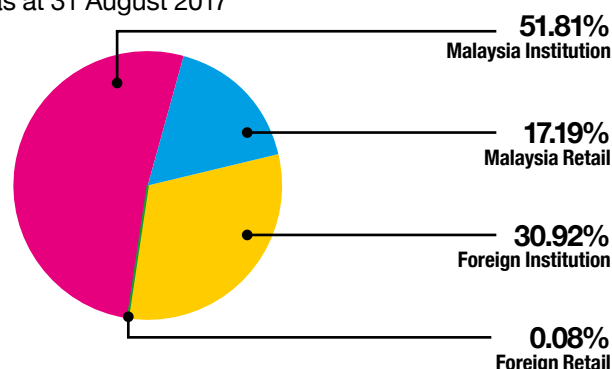
EQUITY HOLDERS STRUCTURE (MALAYSIAN & FOREIGNER)

as at 31 August 2017

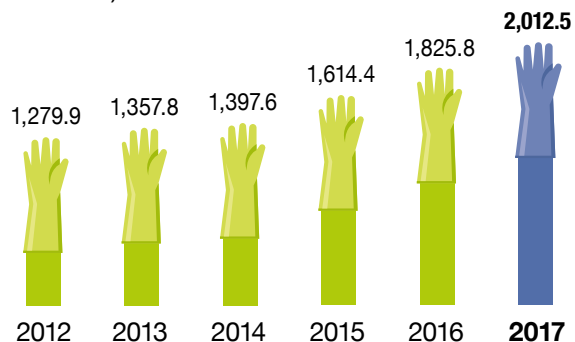


SHAREHOLDER MIX (MALAYSIA VS. FOREIGN)

as at 31 August 2017

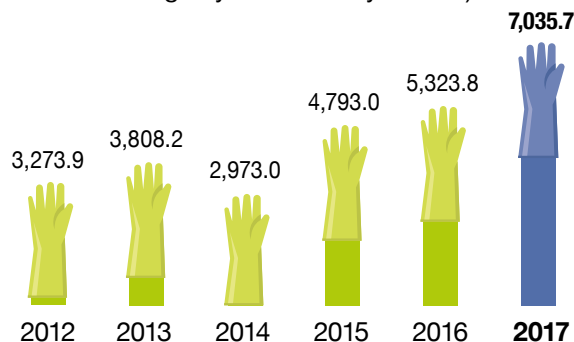


TOTAL EQUITY (RM million)



MARKET CAPITALISATION (RM million)

(as at last trading day of financial year end)



Investor Relations Contact

All investors are welcome to contact the Investor Relations (IR) team directly at invest@topglove.com.my or visit the Investor Relations section on our website at www.topglove.com



TAN SRI DR LIM WEE CHAI
EXECUTIVE CHAIRMAN
TOP GLOVE CORPORATION BHD

LEE KIM MEOW
MANAGING DIRECTOR
TOP GLOVE CORPORATION BHD

OUR BUSINESS PHILOSOPHIES ARE:

1

**WE WORK FOR OUR
CUSTOMERS**

2

**WE TAKE CARE OF
THE INTEREST OF OUR
SHAREHOLDERS**

3

**WE ENSURE THAT OUR
EMPLOYEES CONTINUE TO
CONTRIBUTE POSITIVELY TO THE
COMPANY AND WE TAKE GOOD
CARE OF THE WELL-BEING OF
OUR EMPLOYEES**

4

**WE WORK CLOSELY WITH
OUR BANKERS, SUPPLIERS,
BUSINESS ASSOCIATES,
GOVERNMENT AUTHORITIES
AND FRIENDS**

(CONT'D)

Dear Fellow Stakeholders,

The financial year 2017 has been a year of commendable achievements for us.

We delivered a solid performance amidst a challenging business environment, with record-high Sales Revenue breaching the RM3 billion mark at RM3.4 billion, following double-digit growth in Sales Volume. Top Glove also successfully entered into M&A exercises and joint ventures in synergistic businesses, while diversifying into the condom business as well, further cementing our position in the healthcare segment.



Over 200 delegates from all Top Glove entities participated in the biennial Top Glove Leadership Summit in August 2017

Performing Amidst A Challenging Environment

We attribute our robust financial results to ongoing improvements in the manufacturing process centred on R&D, technology and reengineering, which enabled the Group to upgrade glove quality, manage costs more efficiently and reduce wastage.

The uptrend in Sales Revenue also came on the back of more nitrile glove sales, coupled with new capacity. Additionally, an increase in average selling prices (ASP) as well as a strengthening of the USD over the course of FY2017 also helped boost Revenue figures.

Meanwhile, our China operations continued to show an improvement in performance following a disruption in vinyl glove supply resulting from China's strict enforcement against polluting industries.

Intermittent outbreaks of infectious diseases such as bird flu also kept our industry in the spotlight, as these continued to bring to the forefront the importance of preventive measures and personal protective equipment, chiefly disposable rubber gloves.

Collectively, these enabled us to chart a strong finish to FY2017, in spite of a difficult operating environment.

However, in spite of best efforts, which include internal initiatives to increase automation, reduce downtime and conserve resources, Profit After Tax eased compared with FY2016, during which Top Glove benefited from positive external factors namely currency impact and lower raw material prices.

The Group also had to address challenges on several fronts during the year in review. These included an unprecedented spike in raw material prices particularly in the first half of FY2017 and sharp movements in the USD. For FY2017, the average natural rubber latex price was RM5.76/kg, 46.4% higher than FY2016, while the average nitrile latex price was USD1.1/kg, up 11.9% compared with the previous financial year. The volatility in raw material prices as well as forex, resulted in a mismatch in the cost-pass-through system. In addition, there were escalating utility costs to contend with. Competition during the year in review also continued to intensify, as major players ramped up their production capacity in the nitrile glove segment.

However, quality and cost efficiency enhancements via automation, computerisation and technology transformation initiatives which the Group embarked on served to mitigate the impact of these headwinds. Indeed, our approach has always been not to be unduly concerned about external factors which are beyond our control, but to focus on initiatives to offset less favourable conditions and maintain a steady performance throughout the year, which we believe have been successfully executed.

(CONT'D)

Management Discussion & Analysis

We have performed well for FY2017. Sales Revenue surpassed the RM3 billion threshold, coming in at RM3.4 billion, an 18% increase over FY2016. The uptrend in Sales Revenue followed higher ASPs which were up by 6% compared with the previous year, arising from a surge in raw material prices, as well as a stronger USD. Moreover, sales of nitrile gloves improved substantially by 18%, pushing up Revenue figures.

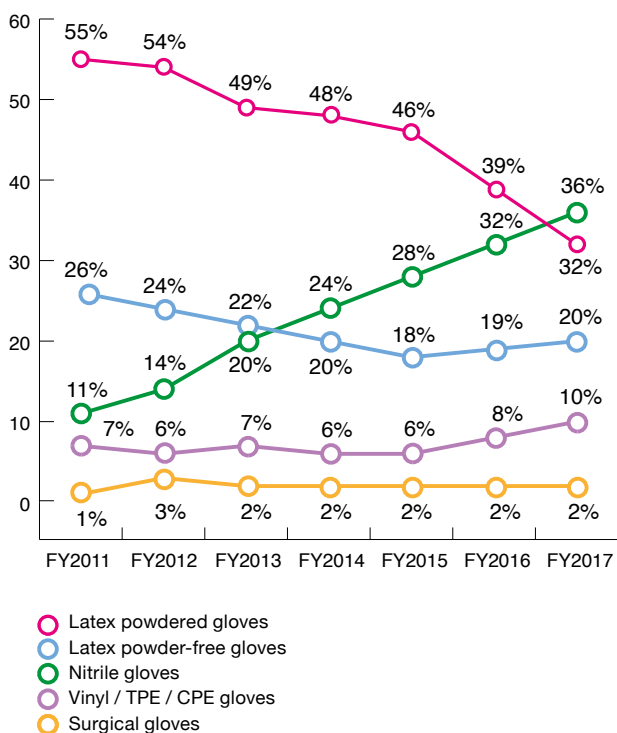
However, Profit After Tax eased by 9.4% to RM328.4 million, compared with FY2016, during which Top Glove benefited from positive external factors namely currency impact and lower raw material prices.

Nonetheless, the Group also recorded 7% growth in Sales Volume compared with the previous financial year, having further fortified its presence in emerging markets, chiefly, Asia where sales grew by 18% versus FY2016. Sales for natural rubber gloves also held steady in other regions, while nitrile glove sales also continued to be on the uptrend, surging 133% over the past 5 years.

Nitrile glove exports for Top Glove Malaysia (TGM) also grew by 23.5%, outperforming total Malaysian nitrile glove exports which increased 17.4%, for the 12-month period ending June 2017 versus the 12-month period ending June 2016. However, natural rubber glove exports from TGM were marginally lower by 1.8% compared with that of Malaysia's which grew 2.3%, as Top Glove's increase in natural rubber glove sales stemmed from its Thailand operations, where there had been newly installed capacity.

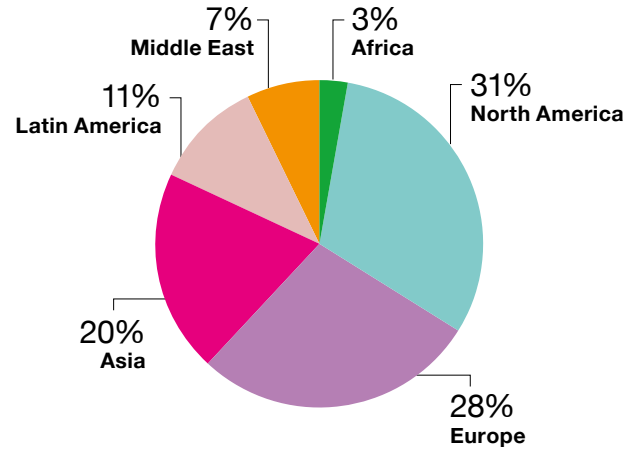
Our product mix by sales (quantity) for FY2017 is depicted below:

Product Mix by Sales (Quantity) FY2017



Our geographical breakdown of revenue for FY2017 is depicted below:

Revenue by Geography FY2017



Going forward, glove demand is still expected to increase by approximately 8% yearly and we are confident of being able to cater to this with our balanced product mix, which is strategically aligned with global demand. Only about 18% of the world's population (USA, EU28 and Japan) accounts for 70% of global glove consumption, indicating that usage is relatively low amongst the remaining 82% of the world's population, who are currently consuming only 30% of the gloves produced globally. Accordingly, we will continue to focus on increasing our sales of natural rubber gloves in emerging markets such as Africa, the Middle East, Latin America and Asia, where our sales are still relatively low, but potential for growth is most promising. Meanwhile, we also look forward to increasing nitrile glove sales in developed markets such as North America and Europe, where glove usage is more mature, and expanding beyond the medical sector, such as to the F&B sector.

Top Glove's good results are supported by continuous initiatives to improve the efficiency of its manufacturing process, which include 5 important pillars:

- i) *Improving uptime*
Efforts to improve production line uptime through various projects are ongoing, such as using higher grade lubricating oil and grease, as well as new conveyor chain design.
- ii) *Increasing automation and innovation*
We continue to identify labour intensive areas both within production and non-production areas and invest in machines and technology to eliminate manual work.
- iii) *Heat recovery*
We recover and recycle waste heat discharged from the production process, to heat up the water source before it is supplied back to the production process. We have also invested in different types of higher efficiency burners, which is the main source of heat for our production processes.

(CONT'D)

iv) *Electricity savings*

We have in place co-generators which serve as the power source for several factories, in addition to helping lower down our production operating cost. Other than that, we have invested in higher efficiency equipment such as chillers and air compressors to enhance our electricity savings.

v) *Water*

Our factories practise water recycling and water treatment in order to minimise water wastage. This aside, we are also implementing rainwater harvesting projects.

The Group is also moving towards the implementation of “smart factories” and has accordingly invested in sensors and other data capturing equipment to upgrade its existing supervisory control and data acquisition (SCADA) system, in addition to fully automating its production lines. Top Glove has received a grant of RM500,000 from the Malaysian Digital Economy Corporation (MDEC) to be invested in the implementation of Industry 4.0 test cases at Factory 12 and Factory 29, in the areas of quality assurance and control for in-process glove manufacturing chemistry.

Also contributing to Top Glove’s robust numbers, was our active participation in trade shows which helped grow our customer base, while consistent improvements in product quality, pricing, range, as well as customer service, secured repeat orders.

Additionally, new capacity which came onstream within the financial year further enhanced numbers.

As at 31 August 2017, the Group maintained a healthy financial position with a positive net cash position of RM70.6 million despite capital expenditure of RM482.9 million. Towards enhancing shareholder value, the Group proposed a final dividend of 8.5 sen, subject to shareholders’ approval at the upcoming AGM in January 2018, which would bring the total FY2017 dividend payout to 14.5 sen, representing a payout ratio of 55.34%.

Meanwhile, total shareholders’ equity was RM2.01 billion and net asset per share stood at RM1.60.

Corporate Developments

Notwithstanding the challenging business environment, Top Glove will continue to expand strategically. Its organic expansion plans include the construction of 2 new manufacturing facilities: Factory 31 (operational by March 2018) and Factory 32 (operational by December 2018), which upon completion will boost the Group’s total number of production lines by an additional 78 lines and production capacity by 7.8 billion gloves per annum. By December 2018, Top Glove is projected to have 31 glove factories, 628 production lines and a production capacity of 59.7 billion gloves per annum.

In tandem, we explored inorganic expansion via mergers and acquisitions, as well as new set-ups in related industries. In June 2017, we successfully acquired 2 latex glove factories located in Nilai and Muar, an exercise which is expected to provide greater access to the burgeoning China market. More recently, Top Glove also announced the signing of a letter of intent to acquire the entire ordinary shares of Eastern Press Sdn Bhd, a printing and packaging material manufacturer for RM47.25mil. The proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better cost and quality control.

While gloves will remain our core business, the Group has also ventured into the condom business, our maiden foray into a non-glove business, for which the first factory is projected to be operational by end 2018. Additionally, Top Glove embarked on a joint venture with Global Doctors to establish Top Glove Global Doctors (TGGD), the first ambulatory care centre within the vicinity of Setia Alam, focusing on preventive healthcare, further establishing our position as a reputable name in the healthcare business.



Top Glove’s directors during the 18th Annual General Meeting that was held on 5 January 2017

(CONT'D)

Top Glove will continue to explore synergistic M&A and joint venture opportunities, which will enable us to grow more efficiently, while diversification into other revenue sources will serve to prevent over-dependence on any one business.

A testament to its commitment to good corporate governance, Top Glove was once again recognised at the **MSWG Asean Corporate Governance Award 2016**, garnering the *Merit Award* in the categories of *Most Improved*, as well as *Industry Excellence (Manufacturing)* in December 2016. Top Glove also maintained its standing as a constituent of the **FTSE4Good Bursa Malaysia Index**, on which it first qualified for inclusion in 2015. Top Glove is one of only 43 PLCs in Malaysia to be accorded this recognition for demonstrating a leading approach to addressing Environmental, Social and Governance (ESG) risks, in accordance to globally recognised standards, which will be welcomed by institutional investors both locally and abroad, as ESG considerations are increasingly integrated into investment portfolios.

Top Glove also received an award for *Highest Growth in Profit After Tax Over Three Years* at the **Edge Billion Ringgit Club Awards 2017**.

In recognition of his vast industry experience our Executive Chairman was also appointed President of the Federation of Malaysian Manufacturers in December 2016.

Building a Business for the Future

At Top Glove, we're looking at and planning for the long term. Accordingly, our sustainability initiatives are interwoven across all aspects of our business from how we engage with the community, run our operations, nurture our people, to how we care for the environment.

To gain a deeper understanding of our efforts to ensure our business is built for the future, please see our Sustainability Report on pages 41 to 47.



Tan Sri Dr Lim Wee Chai and Mr KM Lee present the Best Factory 2016/2017 Award to Mr Hue Kon Fah (3rd from left) accompanied by Mr Ong Ah Chye (Factory 12) and runner-up award to Mr Lew Sin Chiang accompanied by Mr Selvan Murugan (Factory 13)

R&D and Technological Advancement

Research and Development (R&D) has always been an integral part of the Top Glove culture. We believe in creating our future by investing in technology and future capabilities, which is then transformed into new products, processes, and services.

Established in 2013, the Top Glove R&D Centre has since been expanding in terms of its facilities and its people. The Top Glove R&D Unit now has 154 researchers, of which 17 staff are with PhD qualifications and 40 with Masters qualifications. With a well-established R&D team, Top Glove has also expanded our testing facilities to enhance our capacity, offering services from analytical chemistry, engineering, materials testing, to product testing.

In the past year, we pride ourselves on having filed a total of 10 patents and 1 Industrial Design, further strengthening Top Glove's Intellectual Property portfolio. To date, Top Glove has a strong and broad patent portfolio of more than 50 pending and granted patents, most of which are technological advances in the manufacturing process aimed at attaining higher quality and productivity.

Top Glove is constantly pursuing innovation in our products, as evident in the seven "breakthrough" types of gloves developed in FY2017, namely *Double Textured TPE Gloves*, *Kids Nitrile Gloves*, *Dual Color Nitrile Gloves*, *Moisturizing Nitrile Gloves*, *Wave™ Nitrile Gloves*, *Chloroprene Surgical Gloves* and *Latex Damp Donning Exam Gloves*.

Our R&D team continues to extend our pipeline of new innovative and improved products with a focus on commercialization of our product solutions for our customers.

Currently, expansion plans are still underway to accommodate our rapid growth, signifying our commitment to continue to build on the success our team has accomplished. Moving forward, we will place more emphasis on the diversification of our product range, energy-efficient and environmental-friendly products, as well as sustainable research.



Mr Lim Cheong Guan (second from left), Executive Director, receives the Award on behalf of Top Glove for the Highest Growth in Profit After Tax Over Three Years (Industrial Products category) at the Edge Billion Ringgit Club Awards in August 2017

(CONT'D)



Beaming with pride: Recipients of the Best Staff Award 2016/2017

Outlook and Priorities for FY2018

Prospects for our industry remain promising as gloves are an essential item to the healthcare sector, with demand projected to grow at approximately 8% annually. While the year ahead will invariably bring challenges, particularly cost increases, we believe we are well-prepared for them with our ongoing improvement initiatives aimed at reducing cost and wastage, and quality enhancement.

Notwithstanding the tough business environment, we will still be pursuing an ambitious growth agenda. Our immediate goal is to increase our 25% global market share for rubber gloves to 30% by the year 2020. With over 2,000 customers across 195 countries, we are well on our way to capturing growth potential in virtually every country in the world through our participation in tradeshow and product range extension. Longer term, we are also aiming to become the world's largest nitrile glove manufacturer.

In addition to our aggressive organic expansion plans, we are as a matter of course, also continuously on the lookout for M&A and joint venture opportunities within the region. Preparations to commence our condom manufacturing business are already underway, which represents one of several new ventures we aim to undertake, as we work to further diversify our business.

To support these key priorities and drive our growth strategy forward, we will need a strong team in place. Accordingly, our focus will also be very much on recruiting high-calibre talents alongside establishing effective and contemporary people policies to ensure we train and retain them.

While there may be much for us to do in order to realise the ambitious targets we have set for ourselves, we are certain that with our unwavering focus on quality, innovation, automation, prudent cost control and efficiency, we are well able to achieve our goals and keep delivering a strong performance.

A Winning Team

Our company's good performance is a direct reflection of our people's capabilities and commitment, and we count ourselves fortunate to have assembled a talented and performance-driven team.

We are truly grateful for our hardworking staff who daily continue to give their utmost in their efforts, without whom we would not have achieved any measure of the success we enjoy today.

We also wish to express our deep appreciation to our valued shareholders, customers, vendors and business associates for your loyal support and strong confidence in the Group over the years.

Lastly, we would like to convey our thanks to our fellow board members for their insights and judicious guidance as we strive to deliver excellence in all we do. We take this opportunity to express our appreciation to our Independent Non-Executive Director Tan Sri Sidek Hassan, who resigned from the Board earlier this year, for his service. As we fulfil the requirement for 30% female board participation, we also welcome our newest board member, Datuk Dr Norma Mansor whose contributions will be instrumental in helping steer the company forward.

We are moving towards new and exciting times. Our goals may be ambitious, but we are confident that we have the right people in place to enable us to deliver on them.

Thank you.

TAN SRI DR LIM WEE CHAI
Executive Chairman
Top Glove Corporation Bhd
1 November 2017

LEE KIM MEOW
Managing Director
Top Glove Corporation Bhd
1 November 2017

Para pihak berkepentingan,

Tahun Kewangan 2017 (TK2017) telah pun tamat dan ia merupakan tahun yang penuh dengan pencapaian yang terpuji bagi Kumpulan.

Kami membentangkan keputusan yang teguh disebalik persekitaran perniagaan yang mencabar, dengan hasil Pendapatan Jualan melebihi ambang RM3 bilion pada RM3.4 bilion, dan pertumbuhan dua angka bagi Volum Jualan. Top Glove juga telah melalui latihan penggabungan, pengambilalihan, dan usaha sama dalam perniagaan sinergi, serta mempelbagaikan perniagaan dengan pengeluaran kondom, seterusnya memperkukuhkan posisi dalam segmen kesihatan.

Berprestasi Baik Disebalik Persekitaran Perniagaan Yang Mencabar

Keputusan Kumpulan yang cemerlang dikaitkan dengan beberapa inisiatif penambahbaikan proses pengeluaran khusus kepada R&D, teknologi, dan kejuruteraan, yang telah memainkan peranan penting dalam meningkatkan kualiti sarung tangan, menguruskan kos dengan cekap, dan mengurangkan pembaziran.

Peningkatan pada Pendapatan Jualan juga disebabkan oleh peningkatan jualan sarung tangan nitril, dan kapasiti baru. Tambahan, peningkatan harga purata jualan dan matawang Dolar Amerika sepanjang TK2017 juga telah menyumbang kepada peningkatan angka Pendapatan.

Sementara itu, operasi pengeluaran di China terus membuktikan peningkatan dalam prestasi berikutan gangguan bekalan bagi sarung tangan vinil akibat daripada penguatkuasaan China terhadap industri yang mencemar.

Kemunculan wabak penyakit berjangkit seperti selesema burung juga memastikan industri kesihatan menjadi tumpuan, dengan ini terus membawa ke hadapan kepentingan langkah-langkah pencegahan dan peralatan pelindung diri, terutamanya sarung tangan getah.



Top Glove dianugerahi "Merit Award for Most Improved & Industry Excellence (Manufacturing)" oleh Minority Shareholder Watchdog Group (MSWG)

Secara kolektif, perkara-perkara ini membolehkan kami mencapai penutupan yang kuat bagi TK2017, disebalik persekitaran operasi yang mencabar.

Namun, disebalik usaha terbaik, yang termasuk inisiatif dalaman demi meningkatkan automasi, mengurangkan jeda dan memulihara sumber, Keuntungan Selepas Cukai susut berbanding tahun kewangan 2016 (TK2016), dimana Top Glove mendapat kelebihan dari segi faktor luaran seperti impak matawang dan harga bahan mentah yang lebih rendah.

Kumpulan juga terpaksa menangani cabaran di beberapa aspek sepanjang tahun kewangan ini. Ia termasuk lonjakan harga bahan mentah terutamanya semasa separuh pertama TK2017 dan pergerakan matawang Dolar Amerika. Bagi TK2017, harga purata getah lateks semulajadi adalah RM5.76/kg, 46.4% lebih tinggi berbanding TK2016, sementara harga purata bagi lateks nitril adalah USD1.1/kg, meningkat 11.9% berbanding tahun kewangan sebelumnya. Ketidakstabilan harga bahan mentah serta forex, mengakibatkan sistem perolehan kos tidak sepadan. Di samping itu, terdapat peningkatan kos utiliti untuk ditangani. Persaingan sepanjang tahun dalam kajian juga terus meningkat, apabila syarikat-syarikat utama dalam industri turut meningkatkan kapasiti pengeluaran mereka dalam segmen sarung tangan nitril.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN & PERBINCANGAN DAN ANALISIS PIHAK PENGURUS



LETTER TO STAKEHOLDERS : BAHASA MALAYSIA VERSION (SAMB.)



Lawatan sambil belajar para pelajar dari Universiti Kebangsaan Malaysia (UKM) di Top Glove

Walaupun bagaimanapun, peningkatan kualiti dan kecekapan kos melalui automasi, komputerisasi dan inisiatif teknologi transformasi yang terus diutamakan oleh Kumpulan telah mengurangkan impak cabaran ini. Sesungguhnya pendekatan kami tidak terlalu fokus terhadap faktor luaran yang berada di luar kawalan kami, tetapi menumpukan perhatian kepada inisiatif untuk mengimbangi keadaan yang kurang baik dan mengekalkan prestasi yang mantap sepanjang tahun, di mana kami percaya telah berjaya dilaksanakan.

Perbincangan dan Analisis Pengurusan

Top Glove membentangkan keputusan yang baik untuk TK2017. Pendapatan Jualan melebihi ambang RM3 bilion pada RM3.4 bilion, peningkatan sebanyak 18% dibandingkan dengan TK2016. Peningkatan pada Pendapatan Jualan disebabkan harga purata jualan yang meningkat sebanyak 6% berbanding tahun sebelumnya, yang dikaitkan dengan peningkatan harga bahan mentah dan pengukuhan matawang Dolar Amerika. Tambahan lagi, jualan sarung tangan nitril juga meningkat sebanyak 18%, lalu menaikkan angka Pendapatan Jualan.

Namun, Keuntungan Selepas Cukai susut 9.4% kepada RM328.4 juta apabila dibandingkan dengan TK2016, dimana ketika itu Top Glove mendapat kelebihan daripada faktor luaran yang positif seperti impak matawang dan harga bahan mentah yang lebih rendah.

Walaupun bagaimanapun, Kumpulan merekod pertumbuhan sebanyak 7% bagi Volum Jualan apabila dibandingkan dengan tahun sebelumnya, dengan memperkukuhkan kehadirannya di pasaran membangun, terutamanya, Asia dimana jualan meningkat sebanyak 18% berbanding TK2016. Jualan bagi sarung tangan getah juga stabil di rantau lain, manakala jualan sarung tangan nitril terus meningkat, dengan lonjakan sebanyak 133% dalam tempoh 5 tahun.

Eksport sarung tangan nitril bagi Top Glove Malaysia (TGM) juga meningkat sebanyak 23.5%, mengatasi jumlah eksport bagi sarung tangan nitril Malaysia yang meningkat sebanyak 17.4% bagi tempoh 12 bulan berakhir Jun 2017 berbanding 12 bulan berakhir Jun 2016. Namun, eksport sarung tangan getah asli daripada TGM susut 1.8% apabila dibandingkan dengan Malaysia yang meningkat sebanyak 2.3%. Ini disebabkan peningkatan jualan sarung tangan getah asli Top Glove berpunca daripada pengeluaran di Thailand di mana kapasiti baru telah dipasang.

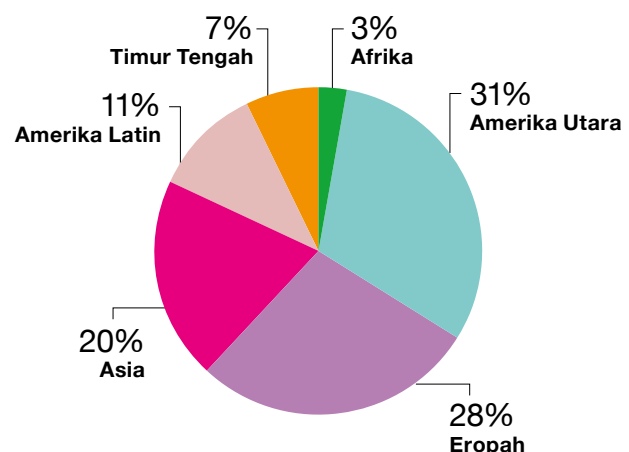
Campuran produk kami mengikut jualan (kuantiti) bagi TK2017 adalah seperti berikut:

Campuran produk mengikut Jualan (Kuantiti) TK2017



Butiran pendapatan mengikut geografi kami untuk TK2017 digambarkan seperti berikut:

Pendapatan mengikut Geografi TK2017



Melihat ke hadapan, permintaan sarung tangan masih dijangka meningkat sekitar 8% setiap tahun dan kami yakin dapat memenuhi permintaan ini dengan campuran produk yang seimbang, sejajar dengan permintaan global. Hanya kira-kira 18% penduduk dunia (Amerika Syarikat, Kesatuan Eropah 28 dan Jepun) menyumbang kepada 70% penggunaan sarung tangan global, menunjukkan penggunaan rendah selebih 82% penduduk dunia, yang kini hanya menggunakan 30% sarung tangan dihasilkan secara global. Sehubungan itu, kami akan terus memberi tumpuan untuk meningkatkan penjualan sarung tangan getah asli di pasaran membangun seperti Afrika, Timur Tengah, Amerika Latin dan Asia, di mana jualan kami masih rendah, tetapi potensi pertumbuhan adalah tinggi. Sementara itu, kami juga berharap untuk meningkatkan jualan sarung tangan nitril di pasaran maju seperti Amerika Utara dan Eropah, di mana penggunaan sarung tangan lebih matang, dan berkembang ke luar sektor perubatan, seperti sektor pemakanan.

Keputusan baik Top Glove dikaitkan dengan inisiatif-inisiatif yang dibuat secara berterusan bagi meningkatkan lagi kadar kecekapan proses pengeluaran, berpusat pada 5 tiang penting:

i) Meningkatkan tempoh operasi

Usaha bagi meningkatkan tempoh operasi barisan pengeluaran melalui beberapa projek sedang dijalankan, seperti menggunakan minyak pelincir dan gris gred tinggi serta reka bentuk rangkaian penghantar baru.

ii) Peningkatan automasi dan inovasi

Kumpulan terus berusaha untuk mengenal pasti aspek buruh intensif sekitar proses pengeluaran dan bukan-pengeluaran, serta melabur dalam mesin dan teknologi demi menghapuskan kerja secara manual.

iii) Pemulihan haba

Kami pulih dan mengitar semula haba buangan yang dikeluarkan dari proses pengeluaran, untuk memanaskan sumber air sebelum ia dibekalkan kembali ke proses pengeluaran. Kami juga telah melabur dalam pelbagai pembakar yang lebih cekap, yang merupakan sumber utama haba untuk proses pengeluaran kami.

iv) Penjimatan elektrik

Kami menempatkan penjana bersama yang berfungsi sebagai sumber kuasa bagi beberapa kilang, di samping membantu menurunkan kos operasi pengeluaran kami. Selain itu, kami juga telah melabur dalam peralatan yang lebih cekap seperti penyejuk dan pemampat udara demi meningkatkan penjimatan elektrik kami.

v) Air

Kilang-kilang kami mengamalkan proses kitar semula dan rawatan air bagi meminimumkan pembaziran. Selain itu, kami juga melaksanakan projek penuaian air hujan.

Kumpulan juga sedang bergerak ke arah pelaksanaan "kilang pintar" dan telah membuat pelaburan bagi sensor dan peralatan menangkap data lain untuk menaikkan taraf sistem penyeliaan dan pemerolehan data (SCADA) yang sedia ada, selain mengautomatikan barisan pengeluaran dengan sepenuhnya. Top Glove telah menerima geran sebanyak RM500,000 daripada Perbadanan Ekonomi Digital Malaysia (MDEC) untuk dilaburkan dalam pelaksanaan kes ujian Industri 4.0 di Kilang 12 dan Kilang 29, dalam bidang jaminan kualiti dan kawalan proses kimia untuk pengeluaran sarung tangan.



Hari Sekuriti dan Keselamatan Top Glove 2017 bersama badan-badan kerajaan



Para Pengarah dan Pengurus pada Majlis Makan Malam Ulang Tahun Ke-26 Top Glove

Selain itu, penyertaan aktif kami dalam pameran perdagangan juga membantu dalam mengembangkan asas pelanggan kami lalu menyumbang kepada prestasi tinggi Top Glove. Sementara penambahbaikan yang konsisten pada kualiti produk, harga, kepelbagaian, serta perkhidmatan pelanggan mendapatkan pesanan berulang.

Di samping itu, kapasiti baru yang diimplimentasi ketika tahun kewangan terus meningkatkan prestasi.

Pada 31 Ogos 2017, Kumpulan telah mengekalkan kedudukan kewangan yang sihat dengan wang tunai bersih yang positif pada RM70.6 juta sebalik perbelanjaan modal sebanyak RM482.9 juta. Kumpulan mencadangkan dividen muktamad pada 8.5 sen ke arah meningkatkan nilai pemegang saham. Ini tertakluk kepada kelulusan pemegang saham pada AGM akan datang pada Januari 2018, yang akan membawa jumlah dividen TK2017 kepada RM14.5 sen, mewakili nisbah pembayaran dividen 55.34%. Sementara itu, jumlah ekuiti pemegang saham adalah RM2.01 bilion dan aset bersih sesaham adalah RM1.60.

Perkembangan Korporat

Disebalik persekitaran perniagaan yang mencabar, Top Glove akan terus memperluaskan operasinya secara strategik. Rancangan pengembangan secara organik termasuk pembinaan 2 fasiliti pengeluaran baru; Kilang 31 (beroperasi menjelang Mac 2018) dan Kilang 32 (beroperasi menjelang Disember 2018), yang mana apabila selesai, akan meningkatkan jumlah barisan pengeluaran sebanyak 78 barisan pengeluaran dan kapasiti pengeluaran sebanyak 7.8 bilion sarung tangan setahun. Menjelang Disember 2018, Top Glove dijangka akan memiliki 31 kilang sarung tangan, 628 barisan pengeluaran, dengan kapasiti pengeluaran sebanyak 59.7 bilion keping sarung tangan setahun.

Sejajar dengannya, Top Glove telah meneroka pengembangan operasi secara penggabungan dan pengambilalihan, serta pembangunan baru dalam industri berkaitan. Pada Jun 2017, kami berjaya mengambilalih 2 kilang sarung tangan getah asli bertempat di Nilai dan Muar, yang dijangka akan menyediakan akses yang lebih luas kepada pasaran di China yang semakin berkembang.

Baru-baru ini, Top Glove mengumumkan penandatanganan surat niat untuk memperoleh seluruh saham biasa Eastern Press Sdn Bhd, pencetak dan pengeluar bahan pembungkusan untuk jumlah RM47.25 juta. Urus niaga ini diharapkan dapat memberi Kumpulan manfaat sinergi, membolehkannya meningkatkan koordinasi rantaian bekalan. Dengan itu, membolehkan perancangan fleksibel dan masa penghantaran yang lebih baik bagi pembekalan bahan pembungkusan produk sarung tangannya, serta kawalan kos dan kualiti yang lebih baik.

Sementara sarung tangan akan tetap menjadi perniagaan utama kami, Kumpulan mempunyai usaha baru kearah perniagaan kondom, usaha sulung kami ke dalam perniagaan bukan sarung tangan, yang mana kilang pertama dijangka akan beroperasi menjelang penghujung 2018. Tambahan, Top Glove telah memulakan usaha sama dengan Global Doctors untuk menubuhkan Top Glove Global Doctors (TGGD), pusat ambulatori pertama di sekitar kawasan Setia Alam, memberi tumpuan kepada penjagaan kesihatan secara pencegahan, lalu mengukuhkan kedudukan kami sebagai nama yang bereputasi dalam bidang perniagaan kesihatan.

Top Glove akan terus meneroka pengembangan operasi secara penggabungan, pengambilalihan dan usaha sama, dalam membantu kami berkembang. Sementara kepelbagaian sumber pendapatan lain akan bertujuan untuk mengelakkan pergantungan kepada satu perniagaan.

Sebagai bukti kepada komitmen yang teguh demi menegakkan tadbir urusan korporat, Top Glove sekali lagi diiktirafkan di **MSWG ASEAN Corporate Governance Award 2016** dengan *Merit Award* bagi kategori *Most Improved* dan *Industry Excellence (Manufacturing)* pada Disember 2016. Top Glove juga mengekalkan kedudukannya sebagai konstituen Indeks **FTSE4Good Bursa Malaysia**, di mana ia layak dimasukkan pada 2015. Top Glove adalah salah satu daripada 43 syarikat tersenarai awam di Malaysia yang diberi pengiktirafan ini kerana menunjukkan pendekatan utama dalam menangani risiko-risiko Alam Sekitar, Sosial, dan Tadbir Urus (ESG), berdasarkan piawaian yang diiktiraf di peringkat global. Ini akan dialu-alukan pelabur institusi di dalam dan luar negara, kerana portfolio pelaburan kini akan lebih bertumpukan pertimbangan ESG.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN & PERBINCANGAN DAN ANALISIS PIHAK PENGURUS

LETTER TO STAKEHOLDERS : BAHASA MALAYSIA VERSION (SAMB.)

Top Glove juga telah menerima sebuah Anugerah bagi *Highest Growth in Profit After Tax Over Three Years* di **Edge Billion Ringgit Club Awards 2017**.

Sebagai pengiktirafan pengalaman industri beliau, Pengerusi Eksekutif kami juga dilantik sebagai Presiden Persekutuan Pengilang-Pengilang Malaysia pada Disember 2016.

Membina Perniagaan bagi Masa Depan

Di Top Glove, kami merancang untuk jangka masa panjang. Sehubungan dengan itu, inisiatif kemapanan kami selaras merentasi semua aspek perniagaan kami daripada cara kami melibatkan diri dengan masyarakat, menjalankan operasi kami, memelihara kakitangan kami, dan menjaga alam sekitar.

Demi mendapatkan pemahaman yang lebih mendalam tentang usaha kami bagi memastikan perniagaan ini dibina untuk masa depan, sila lihat Laporan Kemapanan kami di halaman 41 to 47.

Kemajuan R&D dan Teknologi

Penyelidikan dan Pembangunan (R&D) sentiasa menjadi sebahagian daripada budaya Top Glove. Kami percaya cara membina masa depan adalah dengan melabur dalam teknologi dan keupayaan masa depan, yang kemudiannya akan membawa kepada produk, proses, dan perkhidmatan baru.

Ditubuhkan pada tahun 2013, Pusat R&D Top Glove telah mula berkembang dari segi kemudahan dan kakitangan. Unit R&D Top Glove kini merangkumi 154 penyelidik, di mana 17 kakitangan mempunyai kualifikasi PhD dan 40 mempunyai kelayakan Masters. Dengan pasukan R&D yang bagus, Top Glove juga telah mengembangkan kemudahan ujian bagi meningkatkan keupayaan kami, menawar perkhidmatan dari analisis kimia, kejuruteraan, ujian bahan-bahan, hingga ujian produk.

Pada tahun lalu, kami dengan jayanya telah mendaftarkan sejumlah 10 paten dan 1 Reka Bentuk Perindustrian, lalu lebih memperkukuhkan lagi portfolio Harta Intelektual Top Glove. Kini, Top Glove mempunyai portfolio paten yang kuat dan luas sebanyak 50 paten yang didaftarkan dan belum didaftarkan sepenuhnya. Sebahagian besar daripadanya adalah kemajuan teknologi dalam proses pengeluaran yang bertujuan mencapai kualiti dan produktiviti yang lebih tinggi.

Top Glove sentiasa mengejar inovasi bagi produk kami, yang terbukti dengan 7 produk “kejayaan” yang dibuat ketika TK2017, iaitu *Double Textured TPE Gloves*, *Kids Nitrile Gloves*, *Dual Color Nitrile Gloves*, *Moisturizing Nitrile Gloves*, *Wave™ Nitrile Gloves*, *Chloroprene Surgical Gloves* dan *Latex Damp Donning Exam Gloves*.



Bersama Menteri Perdagangan Antarabangsa dan Industri, Dato' Sri Mustapa Mohamed (tengah) selepas perasmian “Top Glove Global Doctors Medical and Dental Clinic”

Unit R&D kami terus memperluaskan saluran produk baru yang inovatif dan bertambah baik dengan memberi tumpuan kepada pemasaran penyelesaian produk untuk pelanggan kami.

Pada masa ini, rancangan pengembangan masih dijalankan bagi menampung pertumbuhan pesat kami. Dengan ini menandakan komitmen kami untuk terus membina kejayaan yang telah dicapai oleh pasukan kami. Melangkah ke hadapan, unit R&D Top Glove akan memberi lebih tumpuan kepada kepelbagaian produk kami, produk cekap tenaga dan mesra alam, serta penyelidikan yang mapan.

Pandangan dan Keutamaan untuk TK2018

Prospek bagi industri kami tetap positif kerana sarung tangan adalah peralatan yang penting bagi sektor penjagaan kesihatan, dengan permintaan dijangka akan meningkat sebanyak 8% setiap tahun. Walaupun tahun akan datang dijangka akan lebih mencabar, terutamanya dari segi peningkatan kos, kami yakin kami bersedia dengan adanya inisiatif-inisiatif penambahbaikan yang bertujuan untuk mengurangkan kos dan pembaziran, dan meningkatkan kualiti.

Kami tetap akan meneruskan pengembangan disebalik persekitaran perniagaan yang mencabar. Matlamat terdekat kami adalah untuk meningkatkan bahagian pasaran global bagi sarung tangan getah kami dari 25% ke 30% menjelang tahun 2020. Dengan seramai 2,000 pelanggan merentasi 195 negara, kami sedang berusaha untuk menakluki potensi pertumbuhan di hampir semua negara melalui penyertaan kami dalam pameran perdagangan dan pengembangan produk. Dalam jangka masa panjang, kami turut bermatlamat untuk menjadi pengeluar sarung tangan nitril terbesar di dunia.



Gambar berkumpul bersama Pengerusi Lembaga Pengarah Universiti Malaya, Tan Sri Dato' Sri Dr. Zakri Abdul Hamid, Pro-Chancellor Universiti Malaya, Tan Sri Dato' Seri Siti Norma Yaakob dan Tan Sri Dato' Seri DiRaja Ramli Ngah Talib, serta ahli-ahli Lembaga Universiti Malaya di Top Glove Tower



Tan Sri Dr Lim Wee Chai dilihat sedang menjelaskan model pelan "Top Glove City" kepada Datuk Noraini Soltan Talib (keempat dari kiri), selaku Naib Presiden FMM dan Pengerusi Jawatankuasa "FMM Women in Business" serta ahli-ahli jawatankuasa yang telah melawat Top Glove pada April 2017

Selain rancangan pengembangan secara organik, kami sememangnya turut mencari peluang penggabungan, pengambilalihan, dan usaha sama dalam lingkungan rantau ini. Persediaan untuk perniagaan pengeluaran kondom telah mula berjalan, mewakili satu daripada beberapa usaha yang akan kami jayakan dalam daya mempelbagaikan perniagaan kami.

Sementara terdapat pelbagai perkara yang perlu dilakukan bagi merealisasikan matlamat kami, kami yakin dengan fokus pada kualiti, inovasi, automasi, kawalan dan kecekapan kos, kami akan tetap mencapai matlamat dan terus membentangkan keputusan yang kukuh.

Pasukan yang Berjaya

Prestasi syarikat kami adalah gambaran langsung keupayaan dan komitmen kakitangan kami. Dengan ini, turut menganggap syarikat bertuah kerana dapat mengumpul pasukan yang berbakat dan berprestasi tinggi.

Kami amat berterima kasih bagi kakitangan kami yang rajin dan terus memberikan usaha yang terbaik setiap hari. Tanpa usaha mereka, kami tidak akan mencapai kejayaan yang kami tercapai hari ini.

Tambahan lagi, kami juga ingin merakamkan setinggi-tinggi penghargaan kepada para pemegang saham, pelanggan, vendor, dan rakan perniagaan atas sokongan setia dan keyakinan terhadap Kumpulan selama ini.

Akhir sekali, kami ingin mengucapkan terima kasih kepada para ahli lembaga pengarah atas pandangan dan bimbingan ketika kami berusaha untuk memberikan yang terbaik dalam semua yang kami lakukan. Kami mengambil peluang ini untuk turut merakamkan penghargaan kami atas khidmat Pengarah Bebas Bukan Eksekutif Tan Sri Sidek Hassan, yang telah meletak jawatan pada awal tahun ini. Dengan memenuhi syarat penyertaan lembaga wanita sebanyak 30%, kami juga mengalu-alukan ahli lembaga terbaru kami, Datuk Dr Norma Mansor, yang mana sumbangan beliau akan memainkan peranan penting dalam membantu memajukan syarikat ke hadapan.

Kami bakal menghadapi masa depan yang baru dan menarik. Kami telah menetapkan matlamat tinggi untuk masa depan dan yakin kami mempunyai kakitangan yang baik bagi memastikan kami mencapai matlamat ini.

TAN SRI DR LIM WEE CHAI

Pengerusi Eksekutif
Top Glove Corporation Bhd
1 November 2017

LEE KIM MEOW

Pengarah Urusan
Top Glove Corporation Bhd
1 November 2017

致权益持有人及管理层的讨论与分析的信函

LETTER TO STAKEHOLDERS : MANDARIN VERSION

诸位权益持有人,

顶级手套在2017财务年取得卓越的成绩。

尽管市场环境充满挑战,集团依然取得不俗的业绩,营业额突破了马币30亿至马币34亿,以及销售量达到两位数的增长。此外,顶级手套不但进行并购和合资活动,同时也将业务伸展至保险套业务,进一步巩固了集团在医疗保健领域的地位。



顶级手套兴化(中国)2017年开发区五一文艺汇演

在充满挑战的环境中依然表现强劲

集团卓越的业绩主要归功于内部持续的改进,以研发、技术和改造为中心的生产过程,使集团能够提高手套质量、更有效地管理成本和减少浪费。

营业额上升主要借助于新增产能,因为丁腈手套的销售量逐渐增加。此外,手套平均售价上涨及美元在2017财务年的走强也助于提高了营业额。

与此同时,由于中国政府对污染型企业严格执法导致PVC手套供应受到波及,集团在中国分公司不但未从受到影响,相反其业务取得进一步的改善。

传染病间歇性地爆发如禽流感,使医疗保健领域成为焦点,持续提升了对预防措施和使用个人防护用品的重要性,如:穿戴一次性使用的乳胶手套。

整体来说,在艰难的经营环境下,集团依然在2017财务年取得亮眼的表现。

尽管集团在内部尽最大的努力不断的改进,其中包括增加自动化、减少停机时间和节约资源,然而与2016财务年相比,净利润较为缓和,即使集团从外汇的助势及原材料价格较低等外部因素中获益。

集团于本年度面对各方面的挑战,其中包括原材料价格在2017财务年上半年达到最高点以及美元的大幅飙升。与2016财务年度相比,天然乳胶价格上涨了46.4%至平均每公斤马币5.76;而丁腈乳胶的价格则上升了11.9%至平均每公斤美元1.1。原材料价格和外汇波动、水电、天然气手套调整导致集团无法及时将额外成本转嫁给消费者。本年度的竞争亦日益激烈,主要是因为手套竞争者也提升了丁腈手套的产能。

然而,集团通过自动化、电脑化和技术改良的项目,提高质量和成本效益,从而缓解了逆境所带来的影响。由于无法操控外在因素,集团只能集中加强和提升多项举措以抵消其他的不利条件,以确保全年表现稳定,集团亦相信这些举措已在顺利地进行中。

管理层讨论与分析

集团于2017财务年表现亮眼。销售额突破了马币30亿至马币34亿,比去年增长了18%。销售额上升主要原因是原材料价格激增以致平均售价与上个财务年相比上涨了6%,以及美元在2017财务年度的走强。此外,丁腈手套销售量18%的大幅上涨亦提升了营业额。

尽管如此,与2016财务年度相比,净利润下跌了9.4%至马币3亿2840万,即使集团从外部因素获益如外汇的助势及原材料价格较低。

尽管如此,与上一个财务年相比,销售量上升了7%,进一步巩固了集团于新兴市场的地位,主要于亚洲;其销售额比去年增长了18%。天然橡胶手套的销售额在其他地区亦保持稳定,而丁腈手套销售额则持续呈上升趋势,过去5年的涨幅为133%。

在这两年期间(截至今年6月的12个月期限及截至去年6月的12个月期限),由顶级手套马来西亚工厂生产并出口的丁腈手套增长了23.5%,这也超越了马来西亚全国总丁腈手套出口额17.4%的增长。但是,随之顶级手套泰国分厂的新产能投入运作,从而导致由马来西亚分厂出口的天然乳胶手套率略低了1.8%,相比马来西亚全国总天然乳胶出口量2.3%的增长。

致权益持有人及管理层的讨论与分析的信函

LETTER TO STAKEHOLDERS : MANDARIN VERSION (继续)

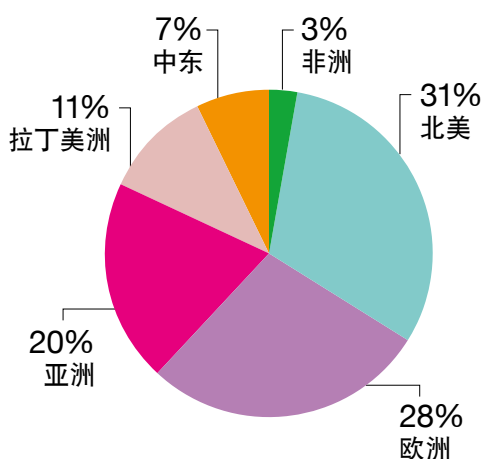
在2017财务年，我们的销售产品分类如下：

2017财务年销售产品分类



在2017财务年，根据地理分布的销售产品分类如下：

2017财务年营业额分析



展望未来，手套需求量预计每年将增长大约8%，我们有信心能以多样化产品来满足这一需求，并在策略上与全球需求一致。大约只有18%的全球人口（美国，欧盟28和日本）占全球手套使用量的70%，这表示其他82%的人口手套使用量相对较低，目前手套使用量仅占全球生产量的30%。

有鉴于此，集团将继续专注于增加非洲、中东、拉丁美洲和亚洲等新兴市场的天然乳胶手套销售量，因这些地区的手套销售额仍较低，但存在极大的增长潜力。同时，我们也期待在手套使用量更为普遍的发达国家如北美和欧洲等，增加丁腈手套销售量，并扩展至医疗以外的行业，如：餐饮业。

顶级手套优越表现主要是不断地实施改进措施以提升其生产过程的效率，其中包括5个重点：

i) 提高运作时间

通过各种项目以提高生产线运作时间，例如：使用高质量的润滑油和油脂，以及新的输送链设计。

ii) 增加自动化及创新

我们将持续锁定那些在生产和非生产的劳力，从而投资自动化生产和科技开发，以减少人力作业。

iii) 热能回收

回收并再循环生产过程中排出的热能，将水源加热并输送回生产过程。我们也投资于不同类型的高效率燃烧器，这亦是我们生产过程的主要热能来源。

iv) 节约电能

我们采用联合发电机作为多家工厂的电能来源，并有助于降低生产经营成本。除此之外，我们也采用高效率的设备，如冷却器和空气压缩机，以提高电能节约效果。

v) 水

我们的工厂亦实施水源回收和水源处理，以减少水源浪费。除此之外，我们也实施了雨水采集项目。

本集团亦正致力推行“智能工厂”，并投入使用传感器及其他数据采集设备，以升级其现有的监控和数据采集系统(SCADA)，逐渐将其生产线全面自动化。顶级手套亦从 *Malaysian Digital Economy Corporation (MDEC)* 获得了马币50万的资助，以投资于第12厂和第29厂的工业革命4.0测试案例、手套品质保证领域及手套化学生产过程管制。

此外，集团积极参与贸易展览会，这有助于扩展集团的客户群，同时持续提高产品质量、范围及客户服务，以确保持续订单。

不仅如此，集团于今年投入生产的新产能也进一步提高集团的业绩。

尽管扩建费用为马币4亿8290万，截至2017年8月31日，顶级手套依然维持马币7060万的净现金。此外，为了实现对股东的承诺，集团董事会建议派发每股8.5仙终期股息，全年总派息为14.5仙，派息比率则为55.34%。此建议将在2018年1月召开的股东常年大会中提呈与批准。

同时，股东权益总额为马币20.1亿及每股净资产为马币1.60。

致权益持有人及管理层的讨论与分析的信函

LETTER TO STAKEHOLDERS : MANDARIN VERSION (继续)

企业发展

尽管商业环境充满挑战，顶级手套仍积极地实施扩充计划。集团的内部扩充计划包括了兴建2间新工厂：第31厂（于2018年3月开始营运）和第32厂（于2018年12月开始营运）。届时，集团的总生产线将增加78条，而手套年产量将增加78亿只。截至2018年12月，顶级手套预计将拥有31家手套工厂，628条生产线和年产量达597亿只手套。

顶级手套亦积极寻求任何有潜力和与手套行业相关的公司或工厂的并购机会，以及开设相关行业的新工厂。2017年6月，集团成功收购了两家乳胶手套厂，分别位于汝来和麻坡，此举预计将为进军中国市场提供更广泛的途径。近期，集团也宣布签署收购东方印刷有限公司(Eastern Press Sdn Bhd)的同意书。这是一家市值马币4725万的包装材料制造商。此交易有望提高公司效率，并改善其供应链协调，提供更具伸缩性的规划并在手套产品的包装材料方面提供更好的交货时间，以更有效地控制成本和品质。

虽然手套是集团的核心业务，但集团仍着手投入保险套业务，此举亦是集团首次进军非手套业务，并预计第一家工厂将于2018年年底投入运作。此外，顶级手套与Global Doctors合资成立Top Glove Global Doctors (TGGD)，在实达阿南(Setia Alam)设立的第一家门诊暨医疗中心，主要专注于预防性的医疗保健。此举亦进一步建立了顶级手套在医疗保健业务中的声誉。

顶级手套将持续寻求并购和合资机会，这将使集团更有效地发展。而将业务扩展至其他有盈利的业务，将避免集团对任何业务的过度依赖。

为了表彰顶级手套其优秀的公司治理，集团于2016年的MSWG Asean Corporate Governance Award中再次受到认可，并于2016年12月分别获得了“最佳改进”及“行业卓越（制造业）”的优异奖。顶级手套也保持其首次于2015年被列入富时大马的资格。顶级手套依据全球公认的标准对环境、社会与企业治理(ESG)风险领先提出解决方法，因而成功成为43家拥有此资格的上市公司之一。此举也因ESG考量已逐渐融入投资组合，而将受到国内外机构投资者的欢迎。

顶级手套也在“Edge Billion Ringgit Club Awards 2017”中获得“Highest Growth in Profit After Tax Over Three Years”的奖项。

为表彰集团执行主席丰富的商业经验，丹斯里林伟才于2016年12月受委任为马来西亚制造商联合会(Federation of Malaysian Manufacturers)的主席。

为未来而打造的商业环境

在顶级手套，我们放眼长期规划。因此，我们的发展计划将配合各方面的业务，如与社区接触、经营业务、培育员工及爱护环境等。

欲更深入地了解集团未来的计划，请参考于第41至47页的可持续发展报告。

科技研发的进步

研究与发展(R&D)一直是顶级手套文化主要的一部分。我们坚信通过投资于科技及未来产能有助于创造集团的未来，并将其转化成为新的产品、流程及服务。

自2013年成立以来，顶级手套研发中心不停地增加其设施和员工。顶级手套研发部目前拥有154名研究人员，其中17名拥有博士学位，40名拥有硕士学位。拥有了完善的研发团队，集团也增设测试设施以提供从分析化学、工程、材料测试至产品测试的服务。

在过去的一年里，我们提交了10项专利和1项工业设计，进一步加强了顶级手套的知识产权组合。迄今，集团拥有超过50项待批及授权专利的强大且广泛的专利组合，其中大部分是生产过程中的科技发展，目的在于取得更高的质量和更高的生产率。

顶级手套不断追求产品创新，例如：于2017财务年开发的七种突破性手套类型，即：双层质感TPE手套、儿童丁腈手套、双色丁腈手套、保湿丁腈手套、Wave™丁腈手套、氯丁乳胶、外科手套及乳胶潮湿测验手套。



顶级手套兴化(中国)员工生日会



一捞，风生水起；二捞，财源广进。为一个健康与丰裕的一年献上祝福！

致权益持有人及管理层的讨论与分析的信函

LETTER TO STAKEHOLDERS : MANDARIN VERSION (继续)



顶级手套2017公司出游

我们的研发团队不断扩大集团创新及改良产品的管道，并专注于为客户提供产品解决方案。

近期，扩张计划仍在如火如荼地进行当中，以便能应付集团迅速的成长，这表示集团承诺持续巩固团队取得的成就。展望未来，顶级手套研发团队将更为重视产品的多样化、节能效应及环保产品以及持续发展研究。

2018财务年前景及优先事项

集团对于此行业的前景仍保持很大的希望，因为手套是医疗保健行业中的必需品，预计每年需求量将增加约8%。虽然未来的一年，集团将会迎来各种挑战，尤其是成本的上涨，但我们坚信集团通过不断地改革措施，将能有效地降低成本和减少浪费以及提高手套质量。

尽管商业环境艰难，集团仍雄心勃勃地追求发展计划，其中包括放眼在2020年前将目前25%的全球市场份额提高至30%。在195个国家拥有超过2000名客户，集团将通过参与各种展览及扩展产品种类以争取世界各地的增长潜力。未来，集团放眼成为全球最大丁腈手套制造商。

除了集团内部积极的扩张计划，我们不断寻求并购及合作的机会。此外，投入生产保险套的筹备工作正在进行当中，这亦是集团为了将行业多样化的举措之一。

为了支持这些关键优先事项及推动我们的发展策略，集团需要一支强而有力的团队。因此，我们也将集中于招聘高素质的人才，同时建立具有现代风格的人才政策，以确保我们提供培训及留住人才。

为了实现集团设定的目标，过程也许会很挑战，但我们坚信若不断地专注于质量、创新、自动化、成本控制及效率，目标将得以实现并持续保持强劲的表现。

一支成功的团队

集团优越的表现直接反映了员工的能力及贡献，而我们亦非常庆幸地拥有有才能及表现优越的团队。

我们也衷心感谢努力付出及勤奋的员工，缺少任何一方都将影响今天集团所取得的成果。

我们也诚心感谢全体股东、客户、供应商和商业伙伴们一直以来给予本集团无限的支持与信任。

最后，我们也衷心感谢董事会的悉心指导及远见卓识，让我们持续创造卓越的表现。此外，我们借此机会感谢近期辞去董事会职务的独立非执行董事 *Tan Sri Sidek Hassan* 在任期间为集团所提供的贡献。同时，我们也欢迎集团新任董事，*Datuk Dr Norma Mansor*，她对于集团的贡献将带领公司迈向另一个高峰。

我们正朝着全新及令人期待的时刻前进。我们已为未来设下了重大目标，并坚信集团拥有各个岗位的人才使我们达成目标。

谢谢。

丹斯里林伟才博士
执行主席
顶级手套集团
2017年11月1日

李金谋
董事经理
顶级手套集团
2017年11月1日



SUSTAINABLE BUSINESS

Top Glove recognises its responsibility to do well and right for its stakeholders, which are not only confined to its shareholders and customers but also the wider community in which it operates. With a view to embedding sustainability in the way the Company works, its multifaceted corporate responsibility initiatives are aimed at creating and adding value across the main pillars of the economic, environmental and social aspect.



SUSTAINABILITY REPORT



Our enthusiastic HR team sourcing for potential hires at the MEGA Career Fair in KLCC held from 19 to 20 November 2016



The Staff's Children's Academic Excellence Award held in August 2017

OUR SUSTAINABILITY JOURNEY

We are pleased at the opportunity to share Top Glove's key initiatives in the very important area of sustainability. While this represents our maiden Sustainability Report, the practice of sustainability itself is not new at Top Glove. Indeed, it has been interwoven into every aspect of our business, from how our company is managed, to our manufacturing operations, to the mindsets of our people.

We are fortunate that the glove business is intrinsically sustainable; demand is relatively inelastic, as gloves are an essential item in the healthcare industry. However, irrespective of such promising industry prospects, our efforts are focused on ensuring our company remains sustainable. Towards continued business success, we have established a well-diversified glove business, with a global product presence in over 195 countries. To ensure we continue to grow well into the future, we are also pursuing R&D and innovation initiatives to help us stay efficient, relevant and competitive. These enable us to offer a comprehensive and competitively-priced range of gloves, comprising a balanced mix of both natural rubber

latex and synthetic rubber gloves, that meet the varied needs of our ever-growing customer base.

Sustainability will continue to be a key business priority, overseen by our Board of Directors, who are charged with driving our sustainability agenda. Our current report covers principally our Malaysian operations but as with every other aspect of our operations, we will continue to raise the bar on quality. As we progress on our sustainability reporting journey, we expect to improve our reporting both in breadth and in depth.

OUR AREAS OF COMMITMENT

To ensure our sustainability efforts are focused on issues that matter most to our stakeholders, we embarked on a materiality assessment process with an independent consultancy. Through this process, we identified and prioritized sustainability matters, which were then validated and approved by the Board. The issues identified are presented in the following matrix which indicates their relative importance vis-à-vis the degree of stakeholder interest.

Materiality Matrix for Top Glove



Our Pillars of Sustainability



Following this exercise, our materiality issues were organized into 3 main pillars of sustainability:

- i. Environmental
- ii. Social
- iii. Economic

As *Environmental* and *Social* themes emerged as high priority indicators, this year's report will focus on these 2 themes, with a view to expanding the comprehensiveness of our report in the following year to include *Economic* considerations as well.

ENVIRONMENTAL

We recognize the potential environmental impacts of our business and are committed to operating in a manner that respects the environment and stewards limited resources well. As an industry leader, we also view seriously our responsibility to observe high standards of compliance toward environmental laws.

Our key initiatives within the environmental space encompass managing our environmental footprint carefully, with a focus on the following key areas:

i) Environmental Stewardship

We have in place a Top Glove Environmental Policy, which articulates our deep commitment to preserving our environment and ensuring a healthy workplace for our employees, even as we adhere to our Business Direction of producing high quality gloves at an efficient low cost.

ii) Compliance

We aim to comply with or exceed all legal and regulatory requirements of the Department of Environment (DOE) as well as other authorities. We also proactively implement measures to prevent environmental pollution through continuous innovation and improvement initiatives.

In addition, all our factories diligently submit GSR (Guided Self Regulations), monthly OER (Online Environmental Reporting) and E-SWIS (Electronic Scheduled Waste Information System) as required by the DOE for online performance monitoring of our pollution control systems and equipment. Our staff also receive competent person training by the Environment Institute of Malaysia (EiMAS) to enable them to operate pollution control equipment effectively.

iii) 5Rs

3 of our factories are certified with Environmental Management System ISO 14001 and serve as models for other Top Glove factories to benchmark and emulate. We aggressively promote and practise the 5Rs (Refuse, Reduce, Reuse, Repair & Recycle) for all our wastes to minimize energy, materials and water usage to lower environmental impact as well as manufacturing cost. All factories also have rain harvesting tanks and target 100% collection and reuse. Further adding value to the community, we also engage contractors to repair damaged roads within the vicinity and maintain our drains to ensure flooding does not occur, as part of our CSR.

iv) Water Management

The cost of water consumption per glove produced has decreased by **11.7%** between the start of FY2016 and the end of FY2017, across all Top Glove factories in Malaysia. This is mainly attributed to ongoing efforts to identify and reduce water wastage in production lines, as well as to optimize water usage via an automated water level control system at our production water tanks, which ensures an optimum amount of water is always being used, particularly in new factories. To further efforts in this area, we continue to recycle more water sources, through rainwater harvesting and production water recycling to mitigate unstable water supply, especially at our Klang-based factories.

SUSTAINABILITY REPORT

(CONT'D)



11.7%

REDUCTION IN WATER CONSUMPTION COST FROM FY2016 TO FY2017
(per glove produced)

v) Energy Efficiency

Towards improving energy and gas savings Top Glove has implemented several projects, which include:

- Conversion of air-cooled chillers to water-cooled chillers
- Upgrading old and low energy efficiency burners to new and high energy efficiency burners
- Installation of a heat recovery system in production lines as well as production supporting equipment
- Employing the use of a Supervisory Control and Data Acquisition (SCADA) system to monitor and control gas consumption by burners

These have collectively resulted in a reduction of **8.1%** in terms of gas consumption while electricity consumption levels have been maintained, from the start of FY2016 to the end of FY2017.



8.1%

REDUCTION IN GAS CONSUMPTION FROM FY2016 TO FY2017
(per carton of gloves produced)

As the world's largest rubber glove manufacturer, our operations potentially discharge carbon dioxide to the environment during the combustion process in our burners and gas boilers. In consideration of this, we diligently monitor the efficiency of our equipment to reduce unnecessary release of greenhouse gases. In FY2017, our average gas consumption was at 20.07kg of carbon dioxide emission per carton of gloves produced, which has since reduced by 2.99% as compared to the average emission in FY2016 and we will continue to optimize our energy consumption.

Our efforts to be environmentally-friendly extend beyond our production facilities to include our corporate office Top Glove Tower, which is a Grade A and Green Building Index Certified GOLD office building, equipped with an efficient chiller plant, LED lights and is also partially solar-powered.

vi) Waste Management

Top Glove places an emphasis on managing manufacturing waste in line with our company's focus on cost efficiency. Each of our factories has implemented measures to segregate, reduce and recycle our waste to minimize its impact on the environment. We are also continuously improving our practices in terms of tracking and managing waste to ensure higher visibility of data in our operations.

SOCIAL

We are deeply cognizant of the value in engaging and nurturing our people, towards business acceleration. To this end, we have developed people-centric policies and practices, so as to create a supportive and safe environment, conducive both for work and professional growth.

i) Corporate Wellness

The well-being of our employees continues to be a foremost priority within the unique, health-centric Top Glove culture. Underscoring its importance, we have in place a dedicated 7-strong Corporate Health team comprising certified Nutritionists, who have developed a comprehensive wellness program aimed at increasing health awareness levels amongst employees, particularly in the area of preventive healthcare.

In addition to organizing monthly health talks on common health issues, we also introduced the Body Composition Analysis (BCA) through the 'Measure-to-Manage (M2M)' campaign, which featured fitness level screening and consultation and garnered participation by 538 staff.

We have also seen an upward trend in our company gymnasium membership, from 771 members in FY2016 to 1,349 members in FY2017, indicating an increase in the number of staff adopting an active lifestyle. Additionally, the group obesity level has reduced to 17% from 18% in FY2016, attributed to effective weight management programmes. These include a yearly 'TG Weight Challenger Award', 'Commit to Fit' (at Factory 4 and Factory 5) where 72.7% of Factory 4 staff showed an improvement in their BMI with 54.5% attaining a normal rating in terms of BMI measurement and 'Wow to A Healthier You' at Factory 18.

To complement the drive towards preventive healthcare, the company invested RM270,180 in its Staff Health Management Programme (SHMP) in FY2017. This programme enhances the existing corporate medical coverage for all staff, to include a subsidized yearly medical checkup and dental screening. Other significant investments in staff health are the yearly dental kit distribution and complementary monthly fruit for all employees. These employee welfare initiatives are in line with the principles articulated in Top Glove's **5 Wells** for a long and healthy life: *Clean well, Eat well, Work well, Exercise well, and Sleep well.*

(CONT'D)



Gloved up and ready to run the extra mile for those in need at The Edge Kuala Lumpur Rat Race 2017

Further demonstrating its commitment in this area, Top Glove also embarked on a joint venture with Global Doctors to form Top Glove Global Doctors (TGGD), the first ambulatory care centre to be established in Setia Alam, aimed at serving its employees and the surrounding community. TGGD is also a TEMOS-certified healthcare facility and the first ambulatory care centre in the whole of Asia to receive this prestigious award.

We are now looking to improve in the area of medical leave taken, where there was a slight increase in total man-days lost, from 0.7% in FY2016 to 0.72% in FY2017, due to higher incidence of both communicable diseases (such as influenza, chicken pox) and lifestyle diseases (gastric, hypertension, musculoskeletal discomfort). We are in the process of implementing more effective measures to combat these common ailments, to ensure the figure for man-days lost charts a downward trend in the following financial year. However, the incidence of medical leave remains low compared to that of the industry's which is 2.83% (2015).

In the spirit of continuous improvement, we are actively participating in research-based studies and surveys to measure the effectiveness of our health promotion programmes at the workplace. Organisations we are collaborating with include the Ministry of Health (MOH), UCSI University, University Malaya, and AIA. We were additionally involved in a scientific-based research on the effectiveness of health promotion programmes among employees, the findings for which were presented during the Southeast Asia Public Health Nutrition (SEA-PHN) Conference in May 2017. Top Glove also participated in an interview by MOH pertaining to good practices in workplace wellness and published an article entitled "Healthy Workforce Ensures Sustainability of Organisations".

The data gathered has enabled us to determine any gaps in our workplace wellness plans and areas where improvements are needed.

ii) Occupational Health & Safety

At Top Glove, a safe work environment at our many manufacturing facilities is a foremost priority and an area we do not compromise on.

Towards improving safety awareness amongst employees and consistently reducing occupational accidents, our Safety Department has implemented a comprehensive safety program, which comprises:

- Safety and awareness training
- Frequent inspections on machinery, building structure and vehicles to detect unsafe conditions which may lead to accidents
- Requirement for Permit to Work (PTW) for all contractors and in-house maintenance performing Hot Work (such as welding, grinding, cutting, working at height, modification of gas pipes)
- Enforcement to ensure compliance with OSH and Top Glove regulations
- Emergency Preparedness:
 - o Each factory has its own Emergency Response Team (ERT)
 - o In compliance with BOMBA (Fire & Rescue Department) requirements, all factories conduct at least one emergency drill every year, with the majority of our Malaysian factories conducting the drill twice a year in order to fulfill customer audit requirements

SUSTAINABILITY REPORT

(CONT'D)



Fit for Life: TG's Weight Challengers' Award 2017



All smiles during the on-site demonstration on how to put out fires

In FY2017, we improved our training programs to include more on-site training focusing on potential areas contributing to accidents. Translators were enlisted from amongst workers to help conduct training in their native tongues, which facilitated better understanding and encouraged more questions from workers. In FY2017, we had an average of 43 training hours/employee versus 31 training hours/employee in FY2016, representing an increase of approximately 38%, which also resulted in a decrease in Total Cases Incident Rate.

Arising from our safety initiatives, we are particularly pleased to note the following positive outcomes:

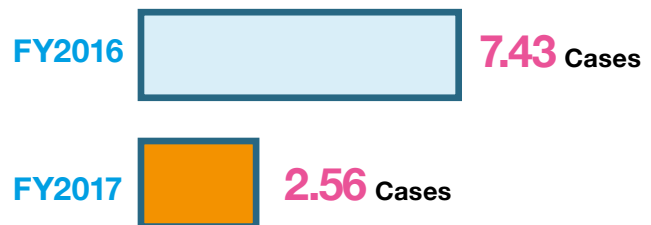
- Top Glove Sdn. Bhd. recorded zero Fatality Cases in FY2016 and FY2017.
- For FY2016 the highest Incident Rate* was recorded in Factory 23 (17.7) followed by Factory 10 (16.6), while Factory 18B and Factory M26 had a zero Incident Rate in year 2016. These figures improved in FY2017, where the highest Incident Rate was recorded in Factory 27 (15.1) followed by Factory 19/20 (6.5), while 10 factories had a zero Incident Rate (Factory 4, 9, 10, 11, 12, 13, 14, 21 & 26) with no Lost Time Injury (LTI) recorded.
- There was a reduction of 49.12% for Total Case Incident Rate between 2016 to 2017 (57 Cases to 28 Cases) based on the average Incident Rate for 21 Malaysian factories.
- No Occupational Illness was recorded for FY2016 and FY2017.

*NB: Incident Rate is calculated based on a formula provided by the Notification of Accident Dangerous Occurrence & Occupational Disease (NADOPOD) System, as stated in the Occupational Safety & Health Act (OSHA) 1994.



Starting Young: Spreading Environmental Awareness to Primary Students of SJK(C) Pin Hwa (1) in May 2017

Total Cases Incident Rate



iii) A Fair and Equitable Work Environment

As a diverse company with over 11,000 employees as at end of FY2017 (80% of whom were involved directly in the glove-making process, while 20% were office-based business operations support staff), we have strict policies to govern our hiring processes and protect our workforce.



We have an effective age verification mechanism in place to ensure child labor is not employed within our premises, while young persons who have attained the minimum local legal employment age are prohibited from work that would be detrimental to their health and safety.

As a significant portion of our glove production draws on foreign manpower, mainly from Nepal and Bangladesh, the company consistently strives to identify opportunities which may be leveraged to uplift labor standards and work conditions. In tandem, we actively work on improving our human resource policies and social practices in compliance with labor standards and customers' requirements. These include for example, regular meetings on Safety and Welfare held between factory management teams and workers' representatives to raise grievances and workplace concerns.

SUSTAINABILITY REPORT

(CONT'D)

Number of local and non-local employees

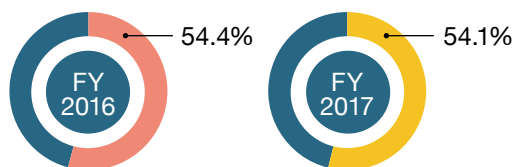


We believe there is strength in diversity and embrace a multi-cultural talent pool at the workplace. As an equal opportunity employer, we have in place adequate measures to ensure our employees are protected from discrimination and treated fairly with respect and dignity, regardless of gender, ethnicity, age and nationality. More details on our policies and practices are available in the Top Glove Social Compliance Initiative, available on our website.

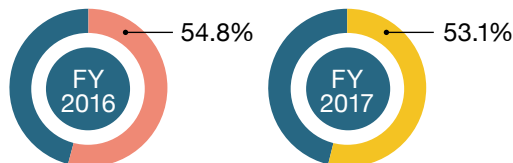
We value the contributions of our female employees and are committed to empowering women at the workplace. Opportunities for advancement are based on a meritocratic system, which rewards deserving employees regardless of gender. We also provide a supportive environment for pregnant or lactating staff, which allows for relocation of workstations to hazard-free areas and provides female-friendly facilities, such as a lactarium.

Females In The Workforce

Percentage of female employees



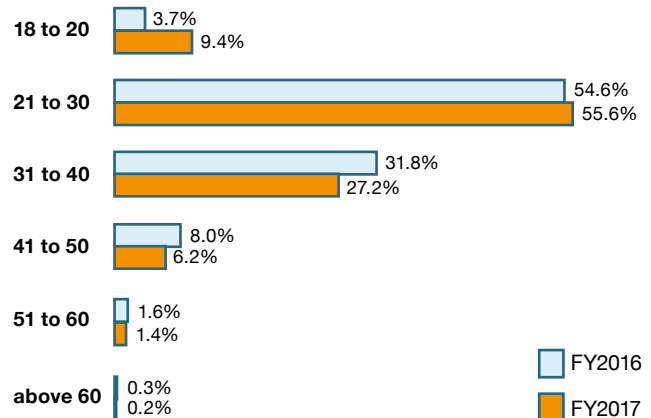
Percentage of female employees in leadership positions



iv) Talent Management

We are always on the lookout for well-rounded talents. Our aggressive recruitment activities via career fairs, social media, student visits, newspaper advertisements and walk-in interviews have successfully attracted a high-calibre pool of young talents who comprise the majority of our workforce, as depicted below.

Employee Age Group



The management also believes in giving its employees a voice, underscoring the importance of open and transparent communication at the workplace particularly between management and staff. To this end, we reach out to our employees annually via an Employee Satisfaction Survey, the feedback form which is carefully reviewed and analysed, with constructive suggestions translated into concrete action.

We also believe in recognizing and rewarding deserving staff. Best Staff Awards and Long Service Awards are presented during our Annual Dinner, in recognition of our employees' positive contributions and loyal service for 10, 15, 20 and 25 years.



Our Performance Management System is also linked to various rewards and performing employees enjoy an annual bonus, share grants as well as contributions to a Private Retirement Scheme Fund.

Top Glove is constantly enriching its talent retention initiatives. We believe that financial rewards alone are not a sustainable retention strategy and believe in a holistic approach to attracting and retaining talent.

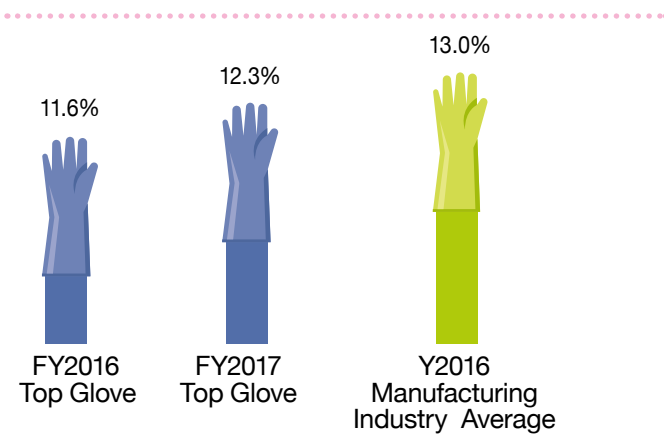
SUSTAINABILITY REPORT

(CONT'D)

This encompasses a competitive remuneration package and meaningful benefits such as a wide array of health and wellness perks, such as subsidized annual medical screenings and free membership at our company gym.

Top Glove also employs full-time corporate nutritionists and dieticians to steward employee wellbeing. The company calendar also clocks monthly sport activities and health talks, providing a space for employees to socialize over healthy activities outside working hours. Our multi-faceted retention programs are bearing fruit and as we continue to enhance these initiatives, we are confident that our turnover rate (currently 12.2%) will be significantly lower than the industry's 13%.

Comparison of Employee Turnover Rate (%)



At the core of Top Glove's resounding success is its people. Accordingly, recruiting, training and retaining healthy, quality, energetic and honest employees is our highest priority and the most promising long-term investment we can make as a business.

v) Good Corporate Governance, Prevention & Anti-Corruption Initiatives

We believe that good corporate governance is essential to building a truly sustainable business and are wholly committed to implementing best practices in this area. Over the years, our consistent adherence to ethical business practices have earned the trust of our customers, suppliers, business partners, employees and shareholders.



Top Glove Foundation Scholars' Lunch on 26th August 2017

This is one of the main reasons we have continued to perform well as a company, an employer and corporate citizen.

On our website is the Director's Code of Conduct and the Employee's Code of Conduct reflecting underlying values required to be upheld by personnel. The company also provides an avenue for Whistleblowing for office-based staff and workers, as well as the general public, for which there were no formal and reportable cases in FY2016/17. Meanwhile, corruption and bribery risk assessment is also in progress and targeted to be in place by end 2017 for ISO 37001:2016 Anti-Bribery Management System certification at our main manufacturing plant.

We also take a very strong stand against bribery and corruption and have robust anti-corruption and anti-bribery policies and practices integrated into our organization. Reflecting our commitment to uphold integrity and prevent corruption in the conduct of our business, we established the Top Glove Prevention and Anti-Corruption Committee (TGPAC) in 2009. Our commitment in this area is also enshrined in our Business Ethics: *Honesty, Integrity, and Transparency*. In recognition of our high standards of corporate governance, Top Glove garnered the **MSWG Asean Corporate Governance Award 2016** in 2 categories ie. *Merit Award for Most Improved and Industry Excellence (Manufacturing)*. Out of over 900 public-listed companies in Malaysia, Top Glove is also honoured to be amongst a select 43 which are constituents of the **FTSE4Good Bursa Malaysia Index**, having demonstrated a leading approach to addressing Environmental, Social and Governance (ESG) risks, in accordance to globally recognised standards.

OUR ONGOING ENDEAVOUR

Embedding sustainability into our business is a continuous and meaningful journey for us, and one on which we remain intent on making steadfast progress. We believe the issues reported on are close to heart for us and our valued stakeholders. We look forward to deepening our commitment and challenging ourselves to do more and do it better, as we mature both in our sustainability reporting and practices.



Spreading joy and laughter at Rumah Kebajikan Anak Yatim Alkhairiyah during Hari Raya

2017

NOVEMBER, 13

Notice Date and Issuance of Annual Report 2017

DECEMBER

(4TH WEEK)

Unaudited consolidated results
for the 1st quarter ending 30 November 2017

1ST
QUARTER
FY2018

2018

JANUARY, 9

19th Annual General Meeting

Time : 11.00 a.m.

Venue : Top Glove Tower

Proposed Final Dividend of 8.5 sen

Entitlement Date : 12 January 2018

Payment Date : 25 January 2018

AGM

MARCH

(3RD WEEK)

Unaudited consolidated results
for the 2nd quarter ending 28 February 2018

2ND
QUARTER
FY2018

JUNE

(4TH WEEK)

Unaudited consolidated results
for the 3rd quarter ending 31 May 2018

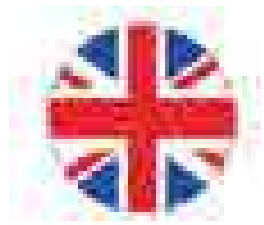
3RD
QUARTER
FY2018

OCTOBER

(2ND WEEK)

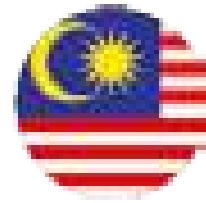
Unaudited consolidated results
for the 4th quarter and financial year ending 31 August 2018

4TH
QUARTER
FY2018



English

All over the world, We are known,
For our superior quality gloves,
Through the years we have grown,
We have shown,
Our gloves stand out superior in the world,
Top Glove is the best, Better than the rest,
Quality, Reliability and Consistency,
Remain our policy,
At Top Glove's Group of Companies.



Bahasa Malaysia

Dari mulanya, hingga terkini,
Nama Top Glove diberi,
Pengeluar sarung tangan yang berkualiti,
Yakinlah hasil pengeluaran kami,
Yang bermutu dan berkualiti tinggi,
Sentiasa menuju kejayaan,
Untuk mencapai keungguluan.



Mandarin

顶级的名誉 闻名世界
品质优良的顶级手套
历经多年的努力与成长
我们成功站在世界的顶端
顶级的手套 我们的骄傲
品质好 可信赖及依靠
是我们一直维护的宗旨
在顶级手套公司集团
语述：顶级手套
继续创新与迈进是我们的义务



Thai

ทั่วโลกนั้นยอมรับ ว่าเรานั้นคือ
ผู้นำดวงมือที่พร้อมและคุณภาพดี
เราสรรสร้างสรรค,เราเติบโต เรามั่นคง
เพื่อก้าวไปสู่สากล ด้วยมือเรา
ทอปโกลฟดีกว่าใคร เราทำงานด้วยใจ
คุณภาพดี และบริการที่ดี
เพื่อความไว้วางใจ เรายินดีรับใช้,
ทอปโกลฟนั้นใจ คุณภาพทองที่นี้

The Board of Directors of Top Glove Corporation Bhd (“the Board”) is committed to maintaining high standard of corporate governance whilst pursuing its corporate objectives in enhancing shareholders’ value and competitiveness. The Board is mindful on the importance of governance and acknowledges to continue delivering sustainable performance and instilling best corporate governance practices in building a sustainable business.

Corporate Governance Overview

Under the leadership of the Board, there have been four (4) significant developments in Board governance and administration for Top Glove Corporation Bhd (“Top Glove or “Company”) in the financial year ended 31 August 2017 (“FY2017” or “the year”), as follows:

- (a) The Board takes cognisance to have at least 30% women participation on board. Hence, subsequent to the resignation of Tan Sri Sidek Hassan as Director on 14 February 2017, the Board had taken the opportunity appointing a female Director, Datuk Dr. Norma Mansor on 12 May 2017. With the said appointment, the Board currently has 33% female Directors;
- (b) The Company had joined the Business Integrity Alliance committing to do business with integrity;
- (c) The Board had engaged an external consultant to assist the Company in evaluating the structure for Sustainability Reporting and building a sustainable structure for the organisation; and
- (d) In the Eighteenth Annual General Meeting (“AGM”) held on 5 January 2017, the Company had implemented electronic Poll Voting for all resolutions put forward for voting and its process and results were being verified by an independent scrutineer.

Top Glove’s commitment on corporate governance was testified by the following testament:

- (a) Malaysia-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2016, the Company had achieved the following:
 - i. Rank No. 18 in the list of top 100 companies with good disclosures (2015: No. 24); and
 - ii. Rank No. 7 in the list of top 100 companies for overall corporate governance and performance (2015: No. 14).
- (b) Bursa Malaysia Securities Berhad (“Bursa Securities”) ~ Corporate Governance Disclosures in Annual Report 2016, Top Glove scores 85.41% (2014: 77.62%), improved by 7.79%.

Top Glove’s exemplary corporate governance practices have received many recognitions including the following in the FY2017:

- (a) Merit Award for Most Improved, MSWG-ASEAN Corporate Governance Award 2016; and
- (b) Industry Excellence in Manufacturing, MSWG-ASEAN Corporate Governance Award 2016.

Top Glove continues to be amongst a select 43 constituents of the FTSE4Good Bursa Malaysia Index (“F4GBM”)(F4GBM Index constituents are drawn from the 200 shortlisted companies on the FTSE Bursa Malaysia EMAS Index and are reviewed in June and December against international benchmarks developed in collaboration with FTSE Russell). The Company was included in the F4GBM Index since December 2015, having demonstrated a leading approach to addressing Environmental, Social and Governance (ESG) risks, in accordance to globally recognised standards. The achievement reflects greater recognition of and better adherence to higher sustainability disclosure.

The Group will continue to endeavour its efforts in evaluating its governance practices in response to the evolving best practices and the changing requirements. The Board is pleased to present the Corporate Governance Statement for FY2017 outlining the application of the principles and recommendations as set out in the following guides:

- (a) Companies Act 2016 (“CA 2016”);
- (b) Main Market Listing Requirements (“Main LR”) of Bursa Securities;
- (c) Malaysian Code on Corporate Governance 2012 (“the MCCG 2012”); and
- (d) Second Edition of Corporate Governance Guide issued by Bursa Malaysia Berhad (“the CG Guide”).

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

The Group noted the principles and recommendations of the above-mentioned guides and will further review its corporate governance practices to bring the same in line with the recommendations under those guides.

As part of its efforts to enhance its practices, Top Glove has also taken the initiative to benchmark itself against leading corporate governance standards of reputable Public Listed Companies in Malaysia.

Release of Annual Report and Quarterly Financial Results AND Holding of AGM and Analyst Briefing

	Date of Issue/ Release	No. of Days after end of Year/ Quarter	Bursa Securities Deadline for the Issue/ Release	Date of AGM/ Analyst Briefing	No. of Days after date of Issue/ Release
Annual Report 2016	14 November 2016	75	31 December 2016	5 January 2017	51
Annual Report 2015	16 November 2015	77	31 December 2015	6 January 2016	51
2017 Quarterly Results					
First Quarter	15 December 2016	15	31 January 2017	5 January 2017	21
Second Quarter	16 March 2017	16	30 April 2017	16 March 2017	same day ¹
Third Quarter	16 June 2017	16	31 July 2017	20 June 2017	4
Fourth Quarter	13 October 2017	43	31 October 2017	17 October 2017	4

Note:

1 Analyst Briefing was held through tele-conferencing.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The responsibilities of the Board, which should be set out in a Board Charter, include Management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings.

Top Glove is led by an experienced Board comprising members who are specialised in the glove manufacturing and various business sectors supported by a wide range of other professionals in the economics, engineering, legal and accounting sectors. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.

Board Charter

Board Charter clearly established the functions reserved for the Board, Directors' roles and responsibilities and those delegated to the Management. It is a reference and induction literature in providing the Board members and Management insight into the functions of the Board.

The core areas of the Board Charter are as follows:

- Company Goals, Mission and Vision;
- Board Governance Process;
- Board and Management Relationship;
- Board and Shareholders Relationship; and
- Stakeholders Relationship.

The Charter was adopted in year 2012 and will be reviewed from time to time to ensure its consistency with the Board's objectives and current laws and practices. The Board Charter was last review on 14 October 2014.

The Board Charter is accessible through the Company's website at: <http://www.topglove.com/corporate-governance/>

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Board Committees

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference.

To keep the Board abreast of the decisions and discussions made by each Board Committee, although the duties have been delegated to respective Board Committees, the Committees would report to the Board during the Board Meetings and table the minutes of the Board Committees at the Board Meetings.

Board Composition and Balance

The Board currently comprises twelve (12) members, made up of five (5) Executive Directors including the Executive Chairman and Managing Director and seven (7) Independent Non-Executive Directors ("INED"). The roles of the Executive Chairman and the Managing Director are distinct and separate so as to ensure balance of power and authority. The composition reflects a balance of Executive Directors and Non-Executive Directors (including INEDs); ensuring that all Board discussions or decisions have the benefit of predominantly outside views and experiences, and that the majority of Directors are free from interests and influences that may conflict with their duties to the Company.

To further entrench independence, the Board consists of majority of INEDs, which is in line with recommendation 3.5 of the MCCG 2012, where the Chairman is a Non-Independent Chairman. The majority number of INEDs helps to ensure effective check and balance of the Board's function as the INEDs are often the carers of the minority shareholders in providing constructive feedbacks to the proposals for the Company.

During the FY2017, Tan Sri Sidek Hassan had resigned from the Board on 14 February 2017. The resignation was due to Petroliaam Nasional Berhad (PETRONAS) had decided its chairman to be exclusive to it, and therefore is restricted from sitting on the board of other Public Listed Company in Malaysia except on the board of Government-Linked Companies, as a nominee of the Government.

Subsequent to the resignation of Tan Sri Sidek Hassan, Datuk Dr. Norma Mansor was appointed to the Board on 12 May 2017. The decision was made in reference to her vast experience in the fields of Economics and the Board hopes to tap on her knowledge to bring the Company to greater achievement.

Board Mix and Skillsets Matrix

The Board is ultimately responsible for the oversight and review of the management, administration, compliance and overall governance of Top Glove. Consequently, the Board has been evaluated based on the following matrix, which captures the key skills of the Board members which it believed are critical to succeeding in its objectives.

The Board presently possesses the following blend of skills, which are the appropriate mix of skills and experience required for the Board:

- (a) Corporate Governance, Risk Management and Internal Controls
- (b) Financial, Audit, Accounting and Taxation
- (c) Strategic Planning
- (d) Human Resource/ Executive Performance Review
- (e) Legal, Regulatory and Compliance
- (f) Market Development

The evaluation result allows the Nomination Committee ("NC") to address the evaluation assessment and the training needs of Directors effectively.

Independence

The importance of INEDs has not been neglected. The Board recognises the significant contribution by them to the Company in bringing independent and objective judgement to the Board in decision making.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

The independence is as prescribed under the Main LR which states that INEDs should be independent and free from any business or other relationships that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company and is willing to express his/her opinion to the Board free of concern about his/her position or the position of any third party. Nevertheless, none of the INEDs engage in the day-to-day management of the Company, participate in any business dealings or are involved in any other relationships with the Company (other than in situations permitted by the applicable regulations).

An annual independency assessment has been carried out to ensure the independency of all INEDs. The assessment is based on the provisions of the Main LR, covering a list of questions on independency, including a self-declaration of any involvement or relation which could interfere an independent judgement and ability to act in the best interests of the Company. An independent confirmation is obtained based on the independency assessment before the appointment of INED and INEDs are assessed annually to re-affirm their independence based on the provisions of the Main LR.

During the FY2017, the Board was satisfied that none of the INEDs had any relationship that could materially interfere with, or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company.

Time Commitment

Paragraph 15.06 of Main LR provides that directors of listed company may not hold more than five (5) directorship in listed companies. None of the Board members of Top Glove serve in more than five (5) listed companies.

During the FY2017, none of the Executive Directors of the Company serve as a director on other listed companies.

Nevertheless, the Executive Chairman, Tan Sri Dr Lim Wee Chai was recently appointed as Deputy Chairman (Non-Independent Non-Executive) of Tropicana Corporation Berhad on 24 October 2017.

Key Information on Directors

A brief description of the background of each Director is presented on pages 9 to 16 of this Annual Report. The Directors proposed for re-election and re-appointment are stated in the Notice of AGM.

No alternate Director has been appointed in respect of any of the Directors, during the FY2017.

Senior Independent Non-Executive Director

Tan Sri Arshad Ayub was re-designated as Senior INED ("SINED") on 12 May 2017 subsequent to the resignation of Tan Sri Sidek Hassan. Tan Sri Arshad Ayub's appointment was recommended by the NC and approved by the Board.

The role of SINED is defined in the Board Charter adopted. Generally, a SINED acts as a point of contact for shareholders and other stakeholders with concerns which have not been resolved or those deemed inappropriate to be communicated through the normal channels. Our SINED may be contacted at Tel: +603-3362 3098 or email: arshad.ayub@topglove.com.my

Duties and Responsibilities of the Board

The Non-Executive Directors are to deliberate and discuss policies and strategies formulated and proposed by the Management with the view of the long-term interests of all stakeholders. They contributed to the formulation of policies, and decision making using their expertise and experience. They also provide guidance and promote professionalism to the Management.

The INEDs fulfilled a pivotal role in corporate accountability; providing independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process to ensure that the long-term interests of all stakeholders and the community are well protected.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Succession Planning

The Board is responsible for reviewing candidates for key positions namely, the Executive Chairman, Managing Director, Executive and Non-Executive Directors and all head of divisions; the succession planning is to ensure all candidates appointed to senior management positions are of sufficient calibre. The Board had adopted a Succession Planning Policy in September 2013 to ensure that there are platforms in place to provide for the orderly succession of senior management.

The Succession Planning Policy is available online at the Company's website at <http://www.topglove.com/corporate-governance/>

Ethical Standards, the Codes and Policy

The **Directors' Code of Conduct** ("the Directors' Code") was adopted by the Board in September 2013. The Directors' Code covers the principles of conflict of interest, insider dealings, integrity, compliance to law and others.

Directors are expected to conduct themselves with the highest ethical standards, to behave ethically and professionally at all times to promote and protect reputation and performance of the Company.

Part of the enforcement, Directors are required to submit their declaration adhering and observing to the provisions in the Directors' Code annually.

The Directors' Code is accessible through the Company's website at <http://www.topglove.com/corporate-governance/>

Employee's Code of Conduct ("the Employee's Code") is a manual applicable to employees of Top Glove Group of Companies. It guides the employee's conduct in the workplace, business conduct when dealing with external parties, key issues such as bribery, conflict of interests, insider trading as well as data integrity and retention. The Employee's Code is disseminated to Top Glove's employees through its intranet.

The Employee's Code is accessible through the Company's website at <http://www.topglove.com/corporate-governance/>

The Board believed that having a **Whistle-Blowing Policy** in place strengthens, supports good management and at the same time demonstrates accountability, good risk management and sound corporate governance practices. A Whistle-Blowing Policy was adopted by the Board, based on recommendation of the Audit Committee ("AC") in year 2010.

The Board aims to provide a platform and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rule or procedure by employees or the Management of the Company. The Whistle-Blowing Policy outlines when, how and to whom a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistle-blower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution. Any concern raised will be investigated by the Top Glove Prevention & Anti-Corruption and Whistle Blowing Committee and a report and update is provided to the Board, through the AC.

Whistle-Blowers may write to the AC to communicate on any information about fraudulent actions and breaches of ethics directly and anonymously to whistleblower2acm@topglove.com.my.

The Whistle-Blowing Policy is accessible through the Company's website at <http://www.topglove.com/whistle-blowing/>

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Sustainability and Corporate Social Responsibility

The Board takes strong commitment to business sustainability and contribute positively to the well-being of stakeholders. The detailed Sustainability Report can be found on pages 41 to 47 of this Annual Report.

Qualified and Competent Company Secretaries

All Company Secretaries of Top Glove are persons with Chartered Secretaries qualifications and are qualified to act as Chartered Secretaries under Section 235 of the CA2016. They constantly keep themselves abreast of the regulatory changes and corporate governance development through attending the relevant conferences and training programmes.

The Board often has direct access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretaries play significant role in supporting the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. The Company Secretaries also highlight all compliance and governance issues which they feel ought to be brought to the Board's attention.

The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and senior management. In ensuring the uniformity of the Board's conduct and effective Boardroom practices throughout the Group, the Company Secretaries have oversight on the overall corporate secretarial functions of the Group, both in Malaysia and the region where the Group operates.

The Board was satisfied with the performance and support provided by the Company Secretaries.

Independent Professional Advice

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same. The Company has in place guidelines allowing the Directors to seek independent professional advice through the Board Charter.

Diversity Policy and Targets

The Company takes diversity not only at the Board's level but also at the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company. Diversity encapsulates not only gender but also age and ethnicity, if well-managed, can drive performance and strengthen governance.

Despite of the importance of Boardroom diversity, the Board is of the view that the selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority, not compromising on qualification, experience and capabilities.

A Board Diversity Policy was adopted by the Board on 14 October 2014 to set out the principles of Top Glove to maintain a diversify Board. A copy of the Board Diversity Policy is accessible through the Company's website at <http://www.topglove.com/corporate-governance/>

Currently, the Board has 33% women representation. Aside from achieving the gender diversity aspect, the Board also aspires to achieve significant benefits by focusing on individual talents, abilities and experiences to meet the Group's objectives of being the world's leading gloves manufacturer; hence, requiring a Board with broader range of competence, skills and experience.

(CONT'D)

Below sets the summary of the gender, ethnicity and age mix of our Management team, excluding workers:

A) Gender (data compiled as at 26 September 2017)

Category	Total Headcount	Male Employees		Female Employees	
		Headcount	%	Headcount	%
All Staff	2,593	1,181	45.55	1,412	54.45
Management staff (Manager & above)	307	142	46.25	165	53.75
Directors on Board	12	8	66.67	4	33.33

B) Ethnicity

Category	Total Headcount	Malay		Chinese		Indian		Others	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%
All Staff	2,593	1,085	41.84	711	27.42	279	10.76	518	19.98
Management staff (Manager & above)	307	54	17.59	205	66.78	18	5.86	30	9.77
Directors on Board	12	3	25.00	7	58.33	1	8.33	1	8.33

C) Age

Category	Total Headcount	70 & Above		60 to 69		50 to 59		40 to 49		30 to 39		20 to 29		Below 20	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
All Staff	2,593	3	*	17	1	122	5	297	11	656	25	1,493	58	5	*
Management staff (Manager & above)	307	1	*	6	2	30	10	90	29	133	43	47	15	-	-
Directors on Board	12	2	17	3	25	6	50	1	8	-	-	-	-	-	-

Note: * negligible

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Board should have transparent policies and procedures that will assist in the selection of Board members. The Board should comprise members who bring value to Board deliberations.

Nomination Committee

The NC was established to assist the Board in nominating suitable candidates to the Board. The NC shall assess the performance of the Directors of the Company on an on-going basis. The members of the NC are as follows:

- 1) **Tan Sri Dato' Seri Utama Arshad Bin Ayub** (SINED) ~ Chairman
- 2) **Dato' Lim Han Boon** (INED) ~ Member
- 3) **Datuk Dr. Norma Mansor** (INED) (Appointed on 12 May 2017) ~ Member

(Tan Sri Mohd Sidek Bin Haji Hassan resigned on 14 February 2017)

The NC was chaired by the SINED as recommended by the CG Guide.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Board Membership Criteria

In reviewing and recommending to the Board any new Director appointments, the NC considers:

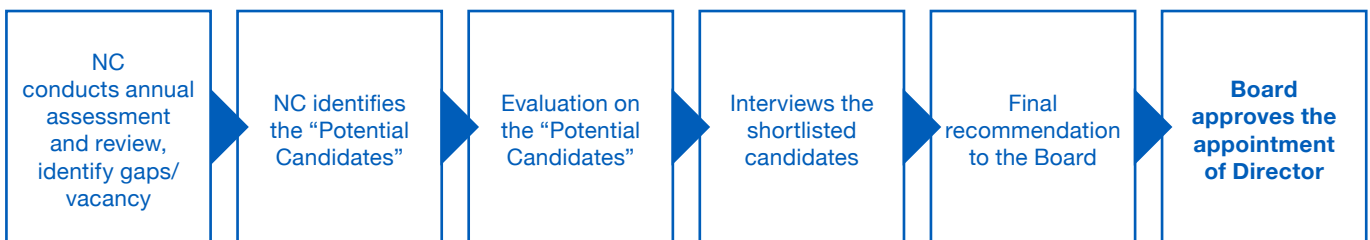
- (a) Age, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other factors which would contribute to the Board's collective skills;
- (b) Competing time commitments if the candidate has multiple board representations;
- (c) Composition requirements for the Board and Committees; and
- (d) Independence, for the appointment of an INED.

Boardroom Appointments

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process.

Review of candidates for Board appointment has been delegated to the NC. The NC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skillsets, expertise and experience.

Top Glove's Boardroom appointment process is as follows:



The appointment of Datuk Dr. Norma Mansor on 12 May 2017, followed the above process. The appointment was recommended by the NC having reviewed the skillset, expertise and experience possessed by the mentioned Director, to fill the gaps.

Board Induction/ Orientation Programme

The Board's Induction/ Orientation is a programme co-ordinated by the Company Secretary together with the Executive Director (Finance) with the objectives of providing newly appointed Directors the necessary information and overview to assist them in understanding the operations, corporate strategies, current issues and challenges, structure and the management of the Company; as well as on-site briefings or site visits for better understanding of the operations aspect of the Company.

Datuk Dr. Norma Mansor had undergone the Induction/ Orientation programme and Board Charter to understand the following aspects of the Company:

- (a) Company vision, mission and philosophies;
- (b) Overview of Group Strategy, Finance and Corporate Finance, Procurement, Human Resource and Internal Audit ("IA");
- (b) Risk Management and regulatory issues and updates;
- (c) Corporate, Board and Governance Structure; and
- (d) On-site briefings on the operations of factories.

Board, Committees and Individual Director Assessment

The Board undertakes annual evaluation for the FY2017 via an Online Assessment System to review their own performance, the effectiveness of the Board as a whole, the contribution of each individual Director and Peers and independency of INED.

(CONT'D)

The assessment of the Board covers areas such as the Board structure, operation, roles and responsibilities, Chairman's roles and responsibilities and the performance of the Board Committees. For Self and Peer Assessments, the assessment criteria have included Board interaction and contribution, quality of input to the Board and Directors' calibre and personality.

As for AC, an effective evaluation as a whole and member self and peers' evaluation, IA function and the External Auditors performance and independence, were assessed. The assessment criteria included the quality and composition, skills and competencies, meeting administration and conduct, the effectiveness of IA function and the quality, performance, independency and the adequacy of audit scope of External Auditors.

NC conducts review annually on its required mix of skills and experience and other qualities, including core competencies in which the Directors should bring to the Board.

The NC is entrusted with the responsibility of carrying out annual Board Effectiveness Evaluation, the annual AC's term of office and performance evaluation and to authorise the evaluation process to ensure it meets the objectivity, including to review and approve all the evaluation forms/ questionnaires, review the results of the evaluation and finally to convey the results to the respective parties for improvement and enhancement.

The evaluations were facilitated by the Company Secretary making references to the guides available and the good corporate governance compliance companies.

The results of the evaluations indicated that the Board comprised highly competent Directors and has been effective in discharging its oversight responsibilities. The suggested areas for improvement were in respect of succession planning for the senior management team and reviewing the Group's overall strategic planning. The results and comments from the Directors, concerning the Board as a whole and the general performance of the Directors, were also presented to the Board upon review by the NC and the NC had also made its recommendations to the Board.

Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to retirement at the first AGM of the Company subsequent to their appointment. One third (1/3) of all the other Directors shall retire by rotation at each AGM provided always that all Directors shall retire from office at least once in every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

The Directors due for re-election by rotation pursuant to Article 94 of the Company's Articles of Association at the forthcoming AGM are Dato' Lim Han Boon, Datuk Noripah Binti Kamso and Ms Sharmila Sekarajasekaran. Their profiles are set out on pages 14 and 15 of this Annual Report.

Datuk Dr. Norma Mansor is due for re-election pursuant to Article 100 of the Company's Articles of Association at the forthcoming AGM. Her profile is set out on page 16 of this Annual Report.

Tan Sri Arshad Ayub and Tan Sri Rainer Althoff were re-appointed as Directors of the Company at the Eighteenth AGM held on 5 January 2017 pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the Nineteenth AGM. The CA 2016 (which repealed the Companies Act 1965) no longer requires the continuation in office by a director over 70 years of age be subject to shareholders' approval at each AGM.

Henceforth, Tan Sri Arshad Ayub and Tan Sri Rainer Althoff will be standing for re-appointment in the Nineteenth AGM and if the resolutions for their re-appointment were passed, they will continue to be in the office as Directors of the Company following the conclusion of the Nineteenth AGM and both directors' continuation in office will thereafter be subjected to retirement by rotation. Their profiles are stated on pages 10 and 12 of this Annual Report.

The Board believes in having a healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit for its Board members.

The Board does not impose a limit on the length of service of the INEDs as their attributes in terms of skills, experience, professionalism, integrity including core competencies in exercising their objectivity and independent judgement to discharge their responsibilities in good faith in the best interest of the Company are more critical in ascertaining the function and effectiveness of their independence than the number of years served on the Board. The on-going evaluation also further ensure the effectiveness of the Board as a whole in discharging their duties and responsibilities despite the duration of service for one (1) INED has exceeded nine (9) years.

Activities of Nomination Committee

During FY2017, the NC met three (3) times and resolved the following key activities:

- (a) Deliberated on the findings of the Board's and Committees' assessment and reported the findings in Board Meeting;
- (b) Deliberated on the appointment of new Director;
- (c) Reviewed the term of office and performance of the AC;
- (d) Discuss the succession plan for the Board and senior management team;
- (e) Reviewed the results of Employee Satisfaction Survey; and
- (f) Recommended the re-election, re-appointment and retention of Directors.

The Board through the NC also reviewed its required mix of skills and experience and other qualities, including core competencies in which the Directors should bring to the Board. The Board has also implemented a process to be carried out by the NC annually for continuous assessment and feedback to the Board on the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. During the deliberation of the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests.

Remuneration Committee

The Remuneration Committee ("RC") was established to assist the Board in their responsibilities in assessing the Directors' fees, allowances and other benefits of the Board. The members of the RC are as follows:

- 1) **Dato' Lim Han Boon** (INED) ~ Chairman
- 2) **Tan Sri Dr Lim Wee Chai** (Executive Chairman) ~ Member
- 3) **Sharmila Sekarajasekaran** (INED) ~ Member

Activities of Remuneration Committee

During FY2017, the RC met two (2) times and the following key activities were deliberated:

- (a) Discussed and recommended to the Board the proposed Directors' fees and Committees' fees for the FY2017, benchmarked with the industry survey;
- (b) Reviewed the payment of Directors' Benefits (excluding Directors' fees) to Non-Executive Directors; and
- (c) Reviewed and recommended to the Board for approval the remuneration packages for Executive Directors and related employees.

Directors' Remuneration

A Remuneration Policy was adopted by the Board in October 2015. The Remuneration Policy was adopted to ensure the Non-Executive Directors are commensurate according to their level of responsibilities, the experience and to structure the component parts of remuneration so as to link rewards to corporate and individual performance of Executive Directors and ensure it was aligned with the business strategy and long-term objectives of the Company. The performance of the Executive Director is measured based on the achievements of his annual Key Performance Indicators as well as the performance of the Group.

The Company rewards its employees and the Executive Directors with options under the Employees' Share Option Scheme ("ESOS") and shares under the Employees' Share Grant Plan ("ESGP"). The Executive Directors are not entitled to receive meeting allowance for the Board and Board Committee Meetings they attend. The details of the vesting of options under the ESOS and awards of shares under the ESGP are set out on pages 88 to 89 under the Directors' Report of the Audited Financial Statements for the FY2017.

Whereas, the Non-Executive Directors are entitled to receive meeting allowance for the Board and Board Committee Meetings they attend but are not entitled to participate in the ESOS and ESGP.

(CONT'D)

The details of the Directors' remuneration comprising remuneration received/ receivable from the Company and subsidiaries respectively in FY2017 are as follows:

(a) Aggregate remuneration of Directors categorised into appropriate components are as follows:

(i) Received from Top Glove

	Salaries RM'000	Fees RM'000	Bonus RM'000	ESGP RM'000	ESOS RM'000	Other Emolument RM'000	Benefit-in- -kind RM'000	Total RM'000
Executive Directors	3,084	381	415	53	41	-	50	4,024
Non-Executive Directors	-	669	-	-	-	73	-	742

(ii) Received on Group Basis

	Salaries RM'000	Fees RM'000	Bonus RM'000	ESGP RM'000	ESOS RM'000	Other Emolument RM'000	Benefit-in- -kind RM'000	Total RM'000
Executive Directors	4,668	381	534	53	166	-	103	5,905
Non-Executive Directors	-	669	-	-	-	73	-	742

(b) Directors' remuneration is broadly categorised into the following bands:

(i) Received from Top Glove

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM0 to RM50,000	-	2
RM50,001 to RM100,000	2	4
RM100,001 to RM150,000	1	1
RM200,001 to RM250,000	-	1
RM750,001 to RM800,000	1	-
RM3,100,001 to RM3,150,000	1	-

(ii) Received on Group Basis

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM0 to RM50,000	-	2
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	-	1
RM200,001 to RM250,000	-	1
RM300,001 to RM350,000	1	-
RM750,001 to RM800,000	1	-
RM850,001 to RM900,000	2	-
RM3,100,001 to RM3,150,000	1	-

Investment Committee

The Investment Committee ("IC") was established to provide guidance on the fund investment decision of the Company. The members of the IC are as follows:

- | | | |
|----|---|------------|
| 1) | Tan Sri Dr Lim Wee Chai (Executive Chairman) | ~ Chairman |
| 2) | Tan Sri Dato' Seri Utama Arshad Bin Ayub (SINED) | ~ Member |
| 3) | Dato' Lim Han Boon (INED) | ~ Member |
| 4) | Datuk Noripah Binti Kamso (INED) | ~ Member |
| 5) | Lim Cheong Guan (Executive Director) | ~ Member |

During the FY2017, the IC met two (2) times and resolved the following key activities:

- Reviewed and adopted the IC's Terms of Reference;
- Setting the criteria for bond investment;
- Reviewed the Bond Investment portfolio of the Company to ensure that the investment fund is consistent with the delegated authority limit approved by the Board Committee; and
- Briefed on the global market outlook by Bankers.

Employees' Share Option Scheme Committee

The Company, with approval from shareholders in its Extraordinary General Meeting held on 9 January 2008, had established the ESOS and the ESOS was officially implemented on 1 August 2008. The Company had also obtained its shareholders' approval on the amendments to the By-laws of the ESOS during its AGM held on 10 January 2012.

ESOS Committee appointed by the Board on 11 April 2003 continued to oversee the administration as well as to ensure proper implementation of ESOS according to the By-laws of ESOS. Currently, the ESOS Committee comprises the following members:

- | | | |
|----|--------------------------------|------------|
| 1) | Tan Sri Dr Lim Wee Chai | ~ Chairman |
| 2) | Lee Kim Meow | ~ Member |
| 3) | Lim Cheong Guan | ~ Member |
| 4) | Dato' Lim Han Boon | ~ Member |
| 5) | Hue Kon Fah | ~ Member |
| 6) | Ngian Yoke Fung | ~ Member |

During the FY2017, the ESOS Committee had considered and approved the options offer factors under the ESOS to the eligible employees of the Group.

Employees' Share Grant Plan Committee

The ESGP was approved by the shareholders of the Company at the Extraordinary General Meeting held on 6 January 2016.

The Board had approved the formation of ESGP Committee comprising the following members to administer the ESGP in accordance to the By-laws of ESGP:

- | | | |
|----|--------------------------------|------------|
| 1) | Tan Sri Dr Lim Wee Chai | ~ Chairman |
| 2) | Lee Kim Meow | ~ Member |
| 3) | Lim Cheong Guan | ~ Member |
| 4) | Dato' Lim Han Boon | ~ Member |
| 5) | Hue Kon Fah | ~ Member |
| 6) | Ngian Yoke Fung | ~ Member |

During the FY2017, the ESGP Committee had considered and approved the award factors under the ESGP to the eligible employees of the Group.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

PRINCIPLE 3: REINFORCE INDEPENDENCE

The Board should have policies and procedures to ensure effectiveness of INEDs.

Review of Directors' Independence

The NC reviews the independence of Directors annually according to the criteria on independence set out in the Main LR and Practice Notes of Main LR on independence. In addition to the annual review by the NC of the Directors' independence, each INED also submits an annual declaration regarding his/her independence.

All of the INEDs are also independent from the substantial shareholders of the Company, not being substantial shareholders themselves nor directly associated with any substantial shareholder.

Tenure of Independent Directors

Top Glove has not established a term limit for the INEDs as the Board believes that a term limit does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. Moreover, the term limit has the disadvantage of causing a loss on the contributions of INEDs.

The Board is mindful of the recommendation of the MCCG 2012 on limiting the tenure of INED to nine (9) years of service. However, the Board may, in appropriate cases and subject to the assessment of the NC on an annual basis, retain an INED who has served a consecutive or cumulative term of nine (9) years to continue to serve as INED subject to shareholders' approval.

Currently, the Company has one (1) long-serving INED, Tan Sri Arshad Ayub, whose tenure is more than nine (9) years. The NC has reviewed and recommended to the Board for Tan Sri Arshad Ayub to continue to act as SINED of the Company, who has been contributing and providing invaluable insight into the Company's business, thereby increasing his contribution to Top Glove.

The NC was of the view that the SINED has had carried out his responsibilities in good faith in the best interest of the Company and has safeguarded the interests of the minority shareholders of the Company. There are significant advantages to be gained from the long-serving SINED who possesses tremendous insight and knowledge of the Company's affairs.

Executive Chairman and Managing Director

The Executive Chairman, Tan Sri Dr Lim Wee Chai is primarily responsible for the orderly conduct of the Board Meetings and ensure effectiveness of the Board and the Managing Director, Mr Lee Kim Meow will assist the Executive Chairman in the effectiveness of implementation of the Board policies, making operational decisions and monitoring the day-to-day running of the business, including defining the limits of the Management's responsibilities.

Whereas, the Executive Directors are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and operational strategies are formulated.

PRINCIPLE 4: FOSTER COMMITMENT

Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills.

Board Meetings ~ Time Commitment

The Board Meeting calendar scheduling the meeting dates of the Board, Board Committees and AGM for each financial year were fixed in advance for the whole year to ensure all Directors'/ Committees members' dates are booked and also to enable the Management's planning for the whole financial year.

The Board meets quarterly to review its quarterly performances and discuss new policies and strategies. Additional meetings will be called as and when necessary. During the FY2017, seven (7) Board Meetings were held and the attendance of the Board and Committees members are as follows:

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Attendance of Directors to the meetings held during FY2017

Name of Directors	Board of Directors	GM ^Ω	Board Committees				
			AC [@]	RMC [*]	NC	RC	IC
1. Tan Sri Dr Lim Wee Chai (Executive Chairman)	7/7 (100%) [#]	1/1 (100%) [#]				2/2 (100%) [§]	2/2 (100%) [#]
2. Tan Sri Arshad Ayub	6/7 (85.7%)	1/1 (100%)	7/8 (87.5%) [#]		3/3 (100%) [#]		2/2 (100%) [§]
3. Tan Sri Rainer Althoff	7/7 (100%)	1/1 (100%)		5/5 (100%) [§]			
4. Puan Sri Tong Siew Bee	7/7 (100%)	1/1 (100%)					
5. Lee Kim Meow	7/7 (100%)	1/1 (100%)		3/5 (60%) [§]			
6. Lim Hooi Sin	7/7 (100%)	1/1 (100%)					
7. Lim Cheong Guan	7/7 (100%)	1/1 (100%)		5/5 (100%) [§]			2/2 (100%) [§]
8. Dato' Lim Han Boon	7/7 (100%)	1/1 (100%)	8/8 (100%) [§]	5/5 (100%) [#]	3/3 (100%) [§]	2/2 (100%) [#]	2/2 (100%) [§]
9. Datuk Noripah Binti Kamso	6/7 (85.7%)	1/1 (100%)	6/8 (75%) [§]				2/2 (100%) [§]
10. Sharmila Sekarajasekaran	7/7 (100%)	1/1 (100%)	8/8 (100%) [§]			2/2 (100%) [§]	
11. Tay Seong Chee, Simon	5/7 (71.4%)	1/1 (100%)					
12. Datuk Dr. Norma Mansor (appointed as INED on 12 May 2017)	4/4 (100%)			1/1 (100%) [§]	1/1 (100%) [§]		
Tan Sri Sidek Hassan (resigned as SINED on 14 February 2017)	2/2 (100%)	1/1 (100%)		2/2 (100%) [#]	1/1 (100%) [§]		
Secretary	7/7 (100%)	1/1 (100%)	8/8 (100%)	5/5 (100%)	3/3 (100%)	2/2 (100%)	2/2 (100%)
Total no. of Meetings:	7	1	8	5	3	2	2

Note:

: Chairman

§ : Member

Ω : General Meetings. One (1) AGM held on 5 January 2017.

@ : AC had eight (8) meetings, includes two (2) meetings with External Auditors (without Executive Directors' and Management's presence) and one (1) meeting with Internal Auditors (without Executive Directors' and Management's presence).

* : Risk Management Committee

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

The above meetings were held in the Company's Corporate Office at Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan.

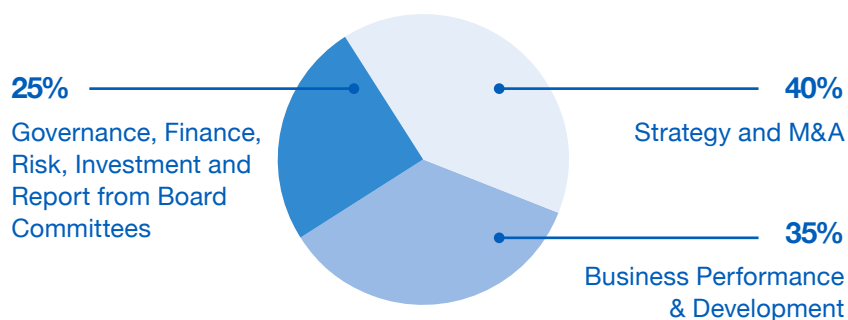
In the intervals between Board Meetings, any matters requiring urgent Board's decisions or approvals will be sought via written resolutions which are supported with all the relevant information and explanations required for an informed decision to be made and the same for the Board Committees.

The Board decisions made at the Board Meetings shall be by a majority as prescribed by the Articles of Association of the Company.

During the FY2017, some of the Board agenda items are as follows:

- (a) Strategic Planning for the Group;
- (b) Budget review;
- (c) Quarterly Unaudited Consolidated Results;
- (d) Half-year financial performance report;
- (e) Business Plan and Development;
- (f) Proposals and updates on investment projects;
- (g) Corporate Proposals on Merger and Acquisition ("M&A"), Joint Venture and new Business Ventures;
- (h) Regulatory updates;
- (i) Share performances on Bursa Malaysia and Singapore Exchange;
- (j) Capital structure review and balance sheet management;
- (k) Sustainability initiatives of the Group and reporting;
- (l) Analysis of Corporate Governance disclosures;
- (m) Dividend proposal; and
- (n) Board processes and governance.

The following analysis identifies the percentage of time spent by the Board on agenda items deliberated at the Board meetings in FY2017:



All AC members are financially literate. Dato' Lim Han Boon is a member of the Malaysian Institute of Accountants, the Chartered Management Institute, United Kingdom ("UK") and fellow of the Association of Chartered Certified Accountant, UK; fulfilled the financial expertise requirement by the Main LR.

Our Executive Director (Finance) and Senior General Manager, Finance attend all meetings of the AC, other than meetings held between the AC and External Auditors (without Executive Directors' and Management's presence) and AC meeting the Internal Auditors without the Management's presence. During the FY2017, the AC met the External Auditors (without Executive Directors' and Management's presence) twice and met the Internal Auditors once.

Further details on the summary of activities of the AC during the FY2017 is set out separately in the AC Report on pages 80 to 83 of this Annual Report.

Supply of Information to the Board

All Directors are provided with an agenda of the meeting and board papers which contain the Company's financial performance, business outlook, various Committees' reports and disclosures by Directors of their interest in the shares and their interest in contracts, properties and offices pursuant to Section 219 and Section 221 of the CA 2016 respectively prior to the Board Meeting. The board papers are issued in advance to facilitate informed decision making. The Managing Director and Executive Directors would lead the presentation of board papers and provide comprehensive explanations of business plans, business performance, potential merger and acquisition and other pertinent issues.

Any proposal and recommendation by the Management will be deliberated and discussed by the Board before a decision is made. All matters raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board Meetings with clear actions to be taken by responsible parties are recorded in the minutes.

The Notices of the Board and Committees' Meetings were sent in approximately two (2) weeks prior to meetings and at all times, endeavour to deliver the non-financial meeting materials within one (1) week before the meetings and the financial materials in average within two (2) days prior to meetings.

Notices on the closed period for trading in Top Glove's securities are served to Directors, key management personnel and principal officers who are deemed to be privy to any sensitive information for the applicable periods especially the regular annual scheduled Board Meetings to approve the quarterly results. This is to comply with the Main LR and the Capital Markets and Services Act 2007 requirements where key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which have not been publicly announced within 30 calendar days before the targeted date of announcement of the quarterly results up to the date of announcement. In 2017, none of the Directors dealt in Top Glove's securities during the closed period.

The Directors are also notified of any corporate announcement released to Bursa Securities and the impending restrictions on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

All Directors and Company Secretaries have been issued with the Code of Conducts for Directors and Secretaries. The Company Secretaries also act as the Secretaries for all the Board Committees.

Directors' Training

All the Board members have attended the Mandatory Accreditation Programme and are mindful that they shall receive appropriate training which may be required from time to time to keep abreast with current developments of the industry as well as new statutory and regulatory requirements.

The newly appointed INED, Datuk Dr. Norma Mansor had completed the Mandatory Accreditation Programme (the "MAP") in September 2017. She attended the induction programme organised by the Company Secretary to be familiarised with the Board's governance process and was briefed on the Group's operations and business by the relevant Management teams.

During the FY2017, the Directors have continued to participate in training programmes to equip themselves and to effectively discharge their duties as Directors as and when beneficial. The Directors have constantly kept themselves updated on both local and international affairs, and to changes in regulations affecting the Company through advisories from regulatory bodies, the Management and through self-reading.

The Directors are also updated by the Company Secretary on any change to legal and governance practices of the Group and which affect themselves as Directors via email and at every AC and Board Meetings.

It is of the Company's intention that each new Director is given a comprehensive briefing on the Company's history, operations, financial control system and plant visit to enable him/her to have first-hand understanding of the Company's operation.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

During the FY2017, all Directors had collectively or individually attended/ participated in the following seminars/ forums/ conferences/ training programmes:

Directors	Seminars/ Forum/ Conference/ Training attended	Date
Tan Sri Dr Lim Wee Chai	1. 8 th International Rubber Glove Conference & Exhibition	6 & 7 September 2016
	2. FMM Factory Management Conference	11 November 2016
	3. Forbes Global CEO Conference in Jakarta	29 & 30 November 2016
	4. Managing Occupational Safety & Health Towards Business Competitiveness	10 February 2017
	5. MEA Forum on National Economic Governance	13 February 2017
	6. Global Outlook 2017 “slow and steady” to a brave new world at Dubai	19 February 2017
	7. Health Talk on Lower Back Pain by Oversea Orthopedic Doctor	23 February 2017
	8. FMM CEO Forum “Manufacturing Excellence for the World”	4 April 2017
	9. UBS Be-Connected in Amsterdam	19 & 20 May 2017
	10. Health Talk: Food as medicine	2 June 2017
	11. Workshop on memorizing technique	12 July 2017
	12. Julius Baer 2017 Market Outlook: Mid-Year Review	25 July 2017
	13. Health Talk: Entitled Functional Food	3 August 2017
	14. The Asian Science Camp 2017	24 August 2017
	15. 3 rd Top Glove Leaders’ Summit	25 August 2017
Tan Sri Arshad Ayub	1. 30% Club Business Leaders Roundtable Meeting	14 August 2017
	2. Focus Group Discussion on the Audit Committee’s Experience with the Enhanced Auditors’ Report	16 August 2017
Tan Sri Rainer Althoff	1. Corporate Directors Advanced Programme (CDAP) 2016 Companies Act 2016 and its Implications to Directors	22 November 2016
	2. Sustainability Forum for Directors/ CEOs: “The Velocity of Global Change & Sustainability ~ The New Business Model”	10 January 2017
	3. ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2016	10 January 2017
	4. Global Transformation Forum	22 & 23 March 2017
	5. 3 rd Top Glove Leaders’ Summit	25 August 2017
Lee Kim Meow	1. CG Disclosure Workshop: The Interplay between CG, Non-Financial Information (NFI) and Investment Decisions	28 September 2016
	2. Business Integrity Key to Sustainability	4 October 2016
	3. Breakfast Talk: Anti-Corruption & Integrity	8 December 2016
	4. Misconduct at Work Place: Disciplinary	20 January 2017
	5. Managing Occupational Safety & Health (OSH)	10 February 2017
	6. Health Talk: Orthopedic	23 February 2017
	7. Business Ethics: Value Driven/ Compliance Focused	24 February 2017
	8. Training: Letting Others Have “YOUR” Way Through Persuading and Influencing	29 & 30 March 2017
	9. Integrity in Business	17 May 2017
	10. Corporate Malaysia Roundtable	7 July 2017
	11. Anti-Bribery Management System Scheme	12 July 2017
	12. Invest Malaysia 2017, Kuala Lumpur	26 July 2017
	13. 3 rd Top Glove Leaders’ Summit	25 August 2017

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Directors	Seminars/ Forum/ Conference/ Training attended	Date
Puan Sri Tong Siew Bee	1. CG Disclosure Workshop: The Interplay between CG, Non-Financial Information (NFI) and Investment Decisions	28 September 2016
	2. Forbes Global CEO Conference in Jakarta	29 & 30 November 2016
	3. Corporate Governance Breakfast Series with Directors: "Anti-Corruption & Integrity ~ Foundation of Corporate Sustainability"	8 December 2016
	4. Presentation of Due Diligence on MGroup	4 to 6 May 2017
	5. Talk: "Integrity in Business" by Datuk Dr. Anis Yusal Yusoff	17 May 2017
	6. Connected Conference 2017 at Waldorf Astoria Amsterdam, Netherlands	18 to 21 May 2017
	7. Health Talk by Dr. Eddie Chan from Tzu-Chi International	2 June 2017
	8. 3 rd Top Glove Leaders' Summit	25 August 2017
Lim Hooi Sin	1. 3 rd Top Glove Leaders' Summit	25 August 2017
Lim Cheong Guan	1. J.P. Morgan Asia Pacific CEO-CFO Conference, New York	7 September 2016
	2. PRS Employer Panel Session, Kuala Lumpur	23 September 2016
	3. Health Investor Asia Summit 2016, Singapore	27 October 2016
	4. CEO Seminar by SGX-UOB Kay Hian Investor Centre, Singapore	28 October 2016
	5. 18 th Nikkei Global Management Forum (NGMF), Tokyo	9 November 2016
	6. Daiwa Investment Conference, Hong Kong	11 November 2016
	7. J.P. Morgan Asia Rising Dragons Forum 2016, Kuala Lumpur	21 November 2016
	8. J.P. Morgan Asia Rising Dragons Forum 2016, Singapore	23 November 2016
	9. ASEAN Stars of the Next Decade 2016 Multi-Sector Champions, Singapore	2 December 2016
	10. Alliance Investment Bank Berhad, Corporate Day 2017, Kuala Lumpur	10 January 2017
	11. Invest ASEAN 2017 Malaysia, Kuala Lumpur	8 February 2017
	12. UOB Kay Hian ASEAN Conference 2017, Taipei	22 February 2017
	13. CLSA Conference 2017, Bangkok	8 March 2017
	14. Bank Negara Malaysia AR & Financial Stability & Payment System Report 2016, Kuala Lumpur	24 March 2017
	15. Credit Suisse 20 th Annual Asian Investment Conference, Hong Kong	27-28 March 2017
	16. J.P. Morgan "Best of Asia" Conference, London	11-12 April 2017
	17. Citi ASEAN C-Suite Investor Conference, Singapore	25 May 2017
	18. ICGN-University of Malaya Academic/ Practitioner Day	10 July 2017
	19. Invest Malaysia 2017, Kuala Lumpur	25-26 July 2017
	20. 3 rd Top Glove Leaders' Summit	25 August 2017

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Directors	Seminars/ Forum/ Conference/ Training attended	Date
Dato' Lim Han Boon	1. Employees share-based compensation ~ Deloitte	19 September 2016
	2. Independent Directors Programme : "The Essence of Independence"	29 September 2016
	3. GBS Innovation~ Disrupt or be disrupted ~ outsourcing Malaysia	26 October 2016
	4. Launch of the AGM Guide & CG Breakfast Series : "How To Leverage on AGMs for Better Engagement with Shareholders"	21 November 2016
	5. Leadership Summit ~ The Age of disruptive Technology ~ PIKOM	23 November 2016
	6. Corporate Governance Breakfast series with Directors: "Anti-Corruption & Integrity ~ Foundation of Corporate Sustainability"	8 December 2016
	7. Malaysia ~ Asean Corporate Governance ~ Transparency index, findings & recognition 2016 by MSWG	15 December 2016
	8. Sustainability Forum For Directors/ CEOs : "The Velocity of Global Change & Sustainability ~ The New Business Model"	10 January 2017
	9. ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2016	10 January 2017
	10. Global Transformation Forum	22 & 23 March 2017
	11. Driving changes in your organisation ~ outsourcing Malaysia	24 March 2017
	12. TN 50 Shaping your future ~ PWC	3 August 2017
	13. 3 rd Top Glove Leaders' Summit	25 August 2017
Datuk Noripah Binti Kamso	1. ISIS Forum on the Future of ASEAN	6 June 2017
	2. Business Fights Poverty Oxford 2017 ~ Oxford, United Kingdom	July 2017
	3. International Takaful Conference ~ London, United Kingdom	July 2017
	4. EPF International Social Security Conference 2017	2 & 3 August 2017
	5. Round table discussion with IIF Chief Economist Asia Pacific ~ Dr Bejoy Das Gupta	15 August 2017
	6. Islamic Finance News ~ Europe London, United Kingdom	September 2017
	7. Global Ethical Finance Forum, Edinburgh, Scotland	September 2017
Sharmila Sekarajasekaran	1. Independent Directors Programme: "The Essence of Independence"	29 September 2016
	2. 3 rd Top Glove Leaders' Summit	25 August 2017
Tay Seong Chee, Simon	1. Singapore Institute of Directors: Remuneration Committee, Singapore	24 March 2017
	2. Companies Act Continuing Professional Development Seminar, Singapore	17 May 2017
	3. Ecosperity Conference (Temasek), Singapore	5 June 2017
	4. Managing Construction Contract Dispute, Yangon Myanmar	29 June 2017
	5. Green Finance Rountable Monetary Authority of Singapore, Singapore	10 July 2017
Datuk Dr. Norma Mansor	1. ISIS Forum on the Future of ASEAN	6 June 2017
	2. EPF International Social Security Conference 2017	2 & 3 August 2017
	3. Round table discussion with IIF Chief Economist Asia Pacific ~ Dr Bejoy Das Gupta	15 August 2017
	4. 3 rd Top Glove Leaders' Summit	25 August 2017

Staff's Learning and Development

For staff, the Company's Learning and Development has adopted the Quality System Procedure to describe the provisions of learning and development activities and to ensure that every individual carries out his or her duty in best of his or her ability as per the direction and objective determined by the Company.

The Company emphasises on training as a continuous development of knowledge, skills and attitude to ensure effective job performance. New employee will undergo an orientation session upon commencement of employment; whereas, all staff are required to attend on-the-job training (OJT) to familiarise with the Company system and manufacturing know-how; internal trainings are conducted on a regular basis and employees may also be sent for external training programmes or courses whenever necessary. The Management has approved 32 training hours for each employee in each financial year.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board should ensure financial statements are a reliable source of information.

Financial Reporting

The Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in its financial statements. To ensure this, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This also helps to safeguard the preparation of annual financial statements which present a true and fair view of the state of affairs of the Group and the Company at the reporting dates.

The Board is also committed to ensure that it presents a balanced and comprehensive assessment of the operation and financial results of the Group on a quarterly basis. It releases the quarterly financial report upon the Board's approval and in any event not later than two (2) months after the end of each quarter of its financial year for public announcement together with the required disclosure of the Main LR.

These quarterly reports are published in a condensed format with full financial statements prepared.

The AC was established to assist the Board in overseeing the Group's activities within its clearly defined terms of reference. Principle 5 of the MCGG 2012 and Paragraph 15.12 of the Main LR spelled out the duties of the AC. The scope of duties of the Top Glove's AC includes primarily the duties detailed therein. Pursuant to Paragraph 15.15 of the Main LR, the AC Report for the FY2017 can be found on pages 80 to 83 of this Annual Report which also contain other information as required under the MCGG 2012.

The Directors' Responsibility Statement for the Audited Financial Statements of the Company is set out on page 84 of this Annual Report. The details of the Company's and Group's Financial Statements for the FY2017 can be found on pages 85 to 166 of this Annual Report.

The NC shall review the term of office and performance of the AC and each of its members annually to determine whether such AC and its members have carried out their duties in accordance with their terms of reference.

The Board has full access to both Internal and External Auditors and receives reports on all audits performed by them via the reports made by AC in Board Meetings.

External Auditors and its Independence

The AC maintains a transparent and professional relationship with Messrs Ernst & Young, the External Auditors of the Company.

The AC is assigned to assess, review and supervise the performance, suitability and independence of External Auditors. An External Auditors Assessment Policy was adopted by the AC which outlined the guidelines and procedures for the AC to assess and review the External Auditors.

The AC invites the External Auditors to attend all its meetings as and when required. The External Auditors had met the AC six (6) times during reporting year. During the meetings, the External Auditors highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the AC or the Board.

The AC had met with the External Auditors separately without the presence of Executive Directors and Management twice during FY2017 on any matter relating to the Group and its audit activities.

The External Auditors Assessment Policy adopted by the Company restricts the type of non-audit services that can be provided by the External Auditors of the Group and the approval process related to them. Under this Policy, only non-audit services which are able to provide clear efficiencies and value-added benefits to the Group were accepted by the AC. The External Auditors Assessment Policy in place also ensures the External Auditors' independence and the provision of non-audit work does not impede the External Auditors audit works.

The AC remains confident that the objectivity and independence of the External Auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice).

Details of audit-related and non-audit related fees paid/ payable in the FY2017 to the External Auditors are set out below:

Type of Fee	Top Glove (RM)	Top Glove Group (RM)
(a) Audit fees	75,000	246,000
(b) Non-audit fees	60,000	60,000
(c) Tax compliance fees	-	52,500
Total:	135,000	358,500

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board should establish a sound risk management framework and internal controls system.

Risk Management and Internal control

The Board has established a framework to formulate and review risk management policies and risk strategies. Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control.

Risk Management Committee

The members of the Risk Management Committee ("RMC") are as follows:

- | | |
|--|------------|
| 1) Dato' Lim Han Boon (INED) (Appointed as Chairman on 12 May 2017) | ~ Chairman |
| 2) Tan Sri Rainer Althoff (INED) | ~ Member |
| 3) Lee Kim Meow (Managing Director) | ~ Member |
| 4) Lim Cheong Guan (Executive Director) | ~ Member |
| 5) Datuk Dr. Norma Mansor (INED) (Appointed on 12 May 2017) | ~ Member |

(Tan Sri Mohd Sidek Bin Haji Hassan resigned on 14 February 2017)

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

The primary responsibility and purpose of the RMC is to assist the Board in fulfilling its responsibility with respect to reviewing and monitoring the Group's risk management framework and activities. The RMC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's views on the acceptable and appropriate level of risks faced by the Group's Business Unit.

Internal Audit

The IA Department carries out the IA function, which reports directly to the AC on its activities based on the approved annual IA plan.

The Board acknowledges its responsibility for maintaining a sound system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls, and compliance with laws and regulations as well as with internal procedures and guidelines.

The AC had met with the Internal Auditors separately without the presence of Executive Directors and Management once (1) during the FY2017 on any matters relating to the Group and IA activities.

The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the AC and the Head of IA has unfettered access to the AC, the Board and the Management.

An IA Charter was adopted in year 2013 aimed to formalise the Mission Statement of Top Glove's IA Department and established its position within the Company to ensure its access to various records, departments and activities, its responsibility and independence.

The Mission Statement of IA is to provide an independent, objective assurance and consulting activity designed to add value and improve Top Glove's operations and internal controls and assist the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

An overview of the state of internal control within the Group, which includes the risk and key internal control structures, are set out in the Statement on Risk Management and Internal Control on pages 77 to 79 of this Annual Report.

Related Party Transactions

A Related Party Transactions Policy was developed and put in place in June 2016 to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treating RPT to ensure compliance with the Main LR and other applicable laws. The said 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 AC and Board in discharging its role, which is to provide oversight over RPTs and RRPTs within the Top Glove Group.

The Company had sought Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature in its Eighteenth Annual General Meeting ("AGM"), this mandate will not be renewed in the coming AGM.

Significant RPT of the Group for the FY2017 are set out on page 154 of this Annual Report. The AC had reviewed the RPT that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interest of the Company.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosures.

Corporate Disclosure

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full year results within the mandatory period. The financial statements and press releases including material and price sensitive information are disseminated and publicly released via Bursa Link on a timely basis to ensure effective dissemination of information relating to the Group.

The Board has formalised a set of Corporate Disclosure Policy to ensure that communications to the public regarding the Group are timely, factual, accurate and complete. The said Policy outlines the central principles and practices in communicating with the investors, shareholders, media and regulators.

Effective Dissemination of Information

An effective communication channel between the Board, stakeholders, institutional investors and the investing public at large is essential to provide a clear and complete picture of the Group's performance and development, in a comprehensive, timely and continuing disclosure manner. Essentially, the Board is fully committed in maintaining a high standard in the dissemination of relevant and material information on the development of the Group.

The Company has had always been providing as much information on a voluntary basis in addition to complying with the Main LR through media releases. The Board is mindful of the legal and regulations governing the release of materials and sensitive information so as not to mislead shareholders. Therefore, information that is price-sensitive or any undisclosed material information about the Group is not disclosed to any party until it is already for simultaneous distribution.

The Company has been using the following formal channels to communicate with shareholders and stakeholders:

(a) Annual Report

The Annual Report remains a major channel of communication disclosing information not only on the Group's business, financials and additional information such as the Company's mission and vision, operations performance, outlooks and senior management team. The Board places great importance on the contents of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public.

The Management constantly improve the contents of the Annual Report to incorporate developments amongst others, in corporate governance and Reports of Committees. The Chairman and Executive Director (Finance) oversee the production of the Annual Report and reviews its contents before it is published.

Annual Reports of the Company are available online at the Company's website at: <http://www.topglove.com/annual-report/>

Corporate related queries may be referred to the Company Secretary, Ms Ngian Yoke Fung (Tel: +603-3362 3098, Fax: +603-3362 3860, e-mail: yfngian@topglove.com.my).

(b) Announcements to Bursa Securities

All announcements are made via Bursa Link. Examples of announcements are the quarterly financial results, circulars, corporate exercise, corporate changes and others. The Board is entrusted to review and approve the announcements ensuring its full compliance with regulatory authorities' disclosure requirements.

All announcements are also made available on Top Glove's own corporate website.

Filings and announcements to Bursa Securities are available online at the Company's website at <http://www.topglove.com/bursa-announcements/>

Announcements related queries may be referred to the Company Secretary, Ms Ngian Yoke Fung (Tel: +603-3362 3098, Fax: +603-3362 3860, e-mail: yfngian@topglove.com.my).

(c) Quarterly Results and Analyst and Media Briefings

Analyst and Media briefing via conference call will usually be held immediately after release of quarterly results to Bursa Securities or an actual briefing will be held within a week after the release of the quarter results chaired by the Executive Chairman, Managing Director and Executive Director (Finance). This briefing provides an avenue for fund managers, research analysts and media to have dialogue with the Group's Management to facilitate the receiving of a balanced and complete view of the Group's performance and challenges at the timeliest manner.

(d) Investor Relations

The Investor Relations ("IR") team has been scheduling regular engagement sessions with investors and is usually attended by the Executive Director (Finance) and the IR team.

The IR team also attends to conferences, non-deal roadshows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as to discuss on strategic matters and address issues that the investing community may have with respect to the business or operations of the Company.

Some of the investor conferences and roadshows attended by our IR team in FY2017 are as follows:

No.	Conference	Date
1.	Jefferies Non-Deal Roadshow, Canada and U.S.	September 2016
2.	Malaysia Corporate Day 2016, Singapore	September 2016
3.	J.P. Morgan Asia Pacific CEO-CFO Conference, New York	September 2016
4.	Health Investor Asia Summit 2016, Singapore	October 2016
5.	RHB Non-Deal Roadshow, Singapore	October 2016
6.	CEO Seminar by SGX-UOB Kay Hian Investor Centre, Singapore	October 2016
7.	Daiwa Investment Conference, Hong Kong	November 2016
8.	J.P. Morgan Asia Rising Dragons Forum 2016, Kuala Lumpur	November 2016
9.	J.P. Morgan Asia Rising Dragons Forum 2016, Singapore	November 2016
10.	ASEAN Stars of the Next Decade 2016 Multi-Sector Champions, Singapore	December 2016
11.	Alliance Investment Bank Berhad-Corporate Day 2017, Kuala Lumpur	January 2017
12.	CIMB ASEAN Corporate Day	January 2017
13.	Invest ASEAN 2017 Malaysia, Kuala Lumpur	February 2017
14.	UOB Kay Hian ASEAN Conference 2017, Taipei	February 2017
15.	CLSA Conference 2017, Bangkok	March 2017
16.	Credit Suisse 20 th Annual Asian Investment Conference, Hong Kong	March 2017
17.	UBS Malaysia Corporate Day 2017	April 2017
18.	J.P. Morgan "Best of Asia" Conference, London	April 2017
19.	Daiwa-Affin Hwang: Malaysia Corporate Day (Tokyo) 2017	April 2017
20.	UBS ASEAN Conference	April 2017
21.	Citi ASEAN C-Suite Investor Conference, Singapore	May 2017
22.	Daiwa Investment Conference New York	May 2017
23.	Daiwa Investment Conference San Francisco	June 2017
24.	JANA/ Northcape Conference, Hong Kong	June 2017
25.	Invest Malaysia 2017, Kuala Lumpur	July 2017
26.	Macquarie ASEAN Conference 2017, Singapore	August 2017

Investor queries pertaining to financial performance or developments may be directed to the Executive Director of Top Glove, Mr Lim Cheong Guan (Tel: +603-3362 3098, Fax: +603-3362 3860, e-mail: invest@topglove.com.my)

(e) Company Website

The Group has established a comprehensive website at www.topglove.com which includes a dedicated section on IR to further enhance shareholders' communication.

The Group has also included a Corporate Governance section on its website where information such as the Board Charter, Directors' Code, Employee's Code, Succession Planning Policy, Corporate Disclosure Policy, Whistle-Blowing Policy and various good governance compliance statements are made available to the shareholders and public at <http://www.topglove.com/corporate-governance/>

To better serve stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements to the Group via email: invest@topglove.com.my. In addition, stakeholders who wish to reach the respective divisions of the Group can do so through the 'Contact Us'.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board should facilitate the exercise of ownership rights by shareholders.

Encourage shareholders' participation at general meetings

The Company despatches Annual Report to all shareholders of the Company which includes the notice of AGM, which notice is also advertised in the newspaper and released via Bursa Link. The Annual Report is sent out thirty-six (36) days before the date of the meeting, which was more than twenty-one (21) days in accordance to the Main LR and the Company's Articles of Association, respectively.

At Top Glove, a member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting. The AGM is the principal forum for dialogue with shareholders.

At each AGM, a presentation is given by the Executive Chairman and Managing Director to explain on the Group's strategy, performance and major developments to shareholders. The Board encourages shareholders to participate in the question and answer session at all general meetings. The Directors also shared with the shareholders of the Company's responses to questions raised by Minority Shareholder Watchdog Group, submitted in advance of the AGM.

Status of all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day. The Board has ensured that each item of special business included in the notice of the AGM is accompanied by a full explanation of the effects of a proposed resolution.

The extract of minutes of general meetings (including the attendance of Directors, questions raised by shareholders and the respective responses, outcome of the voting results and the reply to the Minority Shareholder Watchdog Group's queries) are made available to the shareholders and public for reference at www.topglove.com.

Encourage poll voting

The Company had implemented the poll voting via electronic means for the first time for all resolutions set out in the Notice of AGM for AGM held on 5 January 2017. The verification and counting of votes were done expeditiously. In addition, the Company has appointed a scrutineer to validate the votes cast at the AGM.

The result of each resolution was announced, which includes votes in favour and against and upon which the Chairman declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa Link on the same day for the benefit of all shareholders.

Effective communication and proactive engagement

The Company endeavours to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible.

At the last AGM, all Directors and the External Auditors were present and will endeavour to be present at the forthcoming AGM to assist the Directors in addressing queries raised by the shareholders. Based on the past, the Company's AGM have been well attended. It has always been the practice for the Chairman to provide ample time for the questions and answers sessions in the AGM.

Shareholders were given a copy of suggestion form to invite shareholders to feedback and comment for notation by the Management for consideration. Shareholders were also invited to submit any additional questions they might have had via help desk counter at the venue of the general meeting so that these could be responded to in writing after the meeting. Officers of the Company were present to assist and answer any queries raised by shareholders.

During the FY2017, the Company also had regular meetings with analysts and institutional fund managers, participated roadshows and investors conferences, both domestically and internationally; and hosted teleconferences with investors and analysts.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Statement. The Board considers that the Corporate Governance Statement provides information necessary to enable shareholders to evaluate application of the recommendations of the MCCG 2012. The Board considers and is satisfied that the Company has fulfilled its obligation under the MCCG 2012, the Main LR and all applicable laws and regulations throughout the FY2017.

This Statement was approved by the Board of Directors on 13 October 2017.

OTHER COMPLIANCE INFORMATION

1. Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year ended 31 August 2017.

2. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company had sought Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") in its Eighteenth Annual General Meeting ("AGM"), this mandate will not be renewed in the coming AGM.

Details of the RRPT occurred during the FY2017 are disclosed in Note 38 to the Financial Statements set out on page 154 of this Annual Report.

3. Material Contracts

During the FY2017, there were no material contracts entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

4. Material Contracts Relating to Loans

During the FY2017, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

5. Insider Trading

During the FY2017, there was no insider trading reported.

6. Employees' Share Option Scheme ("ESOS")

During the FY2017, a total of 1,486,900 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS. The details of the issued and paid-up share capital of the Company as at 31 August 2017 are as follows:

	No. of Shares	RM
As at 1 September 2016	1,254,811,864	627,405,932.00
Ordinary shares issued pursuant to the ESOS	1,486,900	3,127,947.00
Credit Balance of Share Premium Account ¹	N/A	6,109,741.16
As at 31 August 2017	1,256,298,764	636,643,620.16

Note:

1 Inclusion of credit balance of share premium account of RM6,109,741.16 as part of the paid-up share capital pursuant to Section 618(2) of the Companies Act 2016.

During the financial year, the number of ESOS option granted was 1,024,700 options. The percentage of ESOS option granted to the directors and senior management was 25.8% of the total ESOS option granted.

The number of ESOS options granted to the Directors are disclosed in page 88 of this Annual Report.

7. Employees' Share Grant Plan ("ESGP")

The Company had established the Employees' Share Grant Scheme of up to ten per centum (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Executive Directors of the Company and its subsidiaries for a duration of ten (10) years from 12 January 2016 to 11 January 2026. 422,900 shares were awarded to the eligible employees and Executive Directors under the ESGP in FY2017.

The number of shares awarded to the Directors pursuant to the ESGP are disclosed on page 88 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board is committed to establish and maintain a sound, effective and efficient system of risk management and internal control to safeguard shareholders' investment and the Group's asset. There is an ongoing review process undertaken by the Board to ensure adequacy and integrity of the system mentioned.

The system of risk management and internal control is designed to identify and manage the Group's risk within the acceptable risk tolerance, rather than to eliminate the risk of failure in achieving the Group's corporate objective in accordance with the Group's strategy. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement, financial loss or fraud.

RISK MANAGEMENT GOVERNANCE

The Board regards risk management as an integral part of all business operations. Hence, the Board explicitly assumes the responsibility of identifying principal risks and ensures the implementation of a dynamic system to manage risk exposure within the acceptable level of tolerance.

To fulfill its oversight responsibility, the Board, as a whole or through delegation to the Risk Management Committee ("RMC"), reviews the adequacy and integrity of Group's risk management system which encapsulates the key processes of risk identification, assessment, mitigation, monitoring and reporting.

The members of RMC, which comprises three Independent Non-Executive Directors and two Executive Directors, are as follows:

- 1) **Dato' Lim Han Boon** (Chairman) (Re-designated as Chairman of RMC on 12 May 2017)
- 2) **Tan Sri Rainer Althoff**
- 3) **Datuk Dr. Norma Mansor** (Appointed on 12 May 2017)
- 4) **Lee Kim Meow**
- 5) **Lim Cheong Guan**

(Tan Sri Mohd Sidek Bin Haji Hassan resigned on 14 February 2017)

A Risk Working Committee ("RWC") has been formed in May 2013 to facilitate the group-wide risk management initiative from an operational perspective. RWC serves as the driving force behind the routine risk management activity. Its main function encompasses provision of regular feedback on risk factor's status for informed management decision making, execution of appropriate risk mitigation measures and progress monitoring thereof, and identification of new and emerging risk factors.

RWC is headed by an Executive Director and comprises heads of business units or support functions, who are risk owners themselves, as members.

RISK MANAGEMENT SYSTEM

At the Group level, inherent risk factors arising from business operation are continuously identified. These identified risk factors are incorporated into the risk register and individually rated as Extreme, High, Medium or Low risk. The rating process is guided by a matrix of 'possibility of occurrence' and the associated 'impacts', of which both financial and non-financial consequences are duly considered. Thereafter, owners of these risk factors will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.

Progress updates on the mitigation measures will be furnished on quarterly basis by risk owners for deliberation at the RWC meeting from an operational perspective. Adequacy and effectiveness of the mitigation measures will be assessed and further enhanced where necessary. In addition, any identified emerging critical risk factors will be incorporated into the risk register and managed in accordance to the Group's risk management methodology. Outcome of RWC meetings will subsequently be escalated upwards to the RMC for further deliberation in a strategic manner. Direction of mitigation measures will be finetuned as it deems fit to ensure action plans are on track in addressing the significant risk factors. This holistic approach creates a robust risk management system that is self-sustaining and will continue to evolve in response to changing business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

SIGNIFICANT RISK

As depicted in the Group's risk management framework, risks are broadly categorized into the aspects of Business, Information, Production, Credit, Financial, Operational, Information System and Human Resources. Identified individual risk factors underneath the broad risk categories have undergone comprehensive reviews in line with the Group's risk management methodology.

For financial year ended 31 August 2017, the key risks warrant highlighting are as outlined below:

1. Production

Due to unforeseen circumstances, the Group's factory production lines can experience the risk of unplanned downtimes and thus resulting in productivity and financial losses. The 3 major risk factors which potentially contribute to the above are identified as fire outbreaks, flooding and water shortages. Instances of ongoing mitigation measures undertaken by the Group to curb occurrences of these risk factors are as follows:

- Routine fire safety awareness training, including fire drill.
- Strict control on cutting and welding work.
- Regular check on the storage level of water supply.
- Regular assessment on the readiness of firefighting equipment, and performance of scheduled maintenance services on the equipment concerned.
- Purchase of own fire engine and mobile water storage as a contingency action.
- Periodical cleaning of main drainage system to prevent clogging.
- Alternative water source, e.g. treated water from tube well and rain water retention storage.
- Research on water-efficient production method.

2. Information System

The Group's businesses may be vulnerable to security breaches to key systems, assets and facilities resulting from cyber vandalism or sabotage. Potential disruptions to operational systems or destruction of facilities from such security breaches could adversely affect the Group's reputation, business and financial result. To mitigate the risk, the Group is vigilant on potential cyber threat and has been continuously upgrading and enhancing the Group's system security.

3. Financial

As an export oriented manufacturing entity, the Group's financial performance is exposed to the risks of fluctuation in foreign currency exchange rates and volatility in commodity prices; particularly commodity that represents the main raw material in glove manufacturing which are natural rubber latex and nitrile latex. Major movements in key foreign currency exchange rates, such as US Dollar, and the related commodity price will create a short-term impact on the Group's financial performance due to time lag effect of the cost pass-through mechanism. The Group is thus constantly monitoring these risk factors and endeavors to achieve an effective and efficient cost pass-through mechanism to minimize the impact on its financial performance caused by external macro factors.

INTERNAL CONTROL GOVERNANCE

The Management team, led by Executive Chairman, Managing Director and Executive Directors, comprises experienced personnel who are subject matter experts in their own specialised fields. The individual members in the Management team are held accountable for the conduct and performance within the assigned business units/ support functions. Internal control principles are strongly advocated and thus embedded in the various day-to-day operational policies and procedures of the business units/ support functions concerned. At regular intervals, these assigned business units/ support functions will conduct management meetings for the business objectives of, among others, performance assessment, action plan progress monitoring and feedback for improvement.

To fulfill its oversight responsibility, the Audit Committee ("AC") is committed to review the adequacy and effectiveness of the Group's internal control system. In this respect, the Group's Internal Audit Department ("IAD") has been set up in financial year ended 31 August 2003 to undertake the obligation to provide control assurance services to the Group.

The External Auditor provides further assurance to the AC in the form of annual statutory audit of the financial statements. Areas of concern identified during the course of external audit examination will be brought to the attention of the AC through management letters and discussion at AC Meeting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

INTERNAL AUDIT FUNCTION

The Group has in place an in-house IAD which provides to the Board, through the AC, with independent assessment and assurance on the adequacy and effectiveness of the Group's system of internal controls. The IAD reports functionally to the AC in order to preserve its independence and objectivity.

A rolling 3-year internal audit plan, with specific audit scopes identified from the audit universe, is tabled annually to the AC for approval. Guided by the approved plan, internal audit assignment is carried out to evaluate the adequacy, effectiveness and efficiency of internal control system of the area under review. Internal audit finding identified will be further analysed as to its root cause to facilitate formulation of an effective and practical solution for subsequent incorporation into the internal audit report. Internal audit report is then disseminated to the management concerned for its immediate implementation of action plan, and to all senior management for its notation. IAD will follow up on the status of management action plan of significant internal audit findings on periodical basis until its full resolution.

On quarterly basis, internal audit reports are presented and tabled at AC meetings. Significant internal audit findings and status update on outstanding management action plan will be brought to the attention of AC. If deemed necessary, management representative will be required to attend AC meeting to provide explanation and propose action plan on the highlighted issues.

REVIEW OF EFFECTIVENESS

The Board is dedicated to operating a sound system of risk management and internal controls, and recognises that the system must continuously evolve to support the progressive business growth of the Group.

The process for identifying, evaluating and managing risks as outlined in this Statement has been in place for the year under review and up to the date of approval of this statement. During the financial year ended 31 August 2017, a number of improvements to internal control gaps has been implemented. There has been no material adverse impact to the financial performance of the Group as a result of the internal control gaps detected.

The Board, with the assurance received from the Executive Chairman, Managing Director and its Executive Director (Finance), concludes that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

This statement does not include the state of internal control in associate companies, which has not been dealt with as part of the Group and was made in accordance with a resolution of the Board of Directors dated 13 October 2017.

Review of the Statement by External Auditors

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysia Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 August 2017, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respect, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion in the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

The Audit Committee (“AC”) of Top Glove Corporation Bhd is pleased to present the AC Report for the financial year ended 31 August 2017 (“FY2017”).

AC COMPOSITION AND ATTENDANCE

The AC comprises four (4) members and all of whom are Independent Non-Executive Directors, which meets the requirements of paragraphs 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements (“Main LR”).

Tan Sri Dato’ Seri Utama Arshad Bin Ayub (“Tan Sri Arshad”), Chairman of AC, had a distinguished career in the Malaysian Civil Service, held various positions, including Deputy Governor of Bank Negara Malaysia and Deputy Director General in the Economics Planning Unit of the Prime Minister’s Department. Nevertheless, Tan Sri Arshad has other directorships in several public listed companies where he is also the member of AC.

Dato’ Lim Han Boon, member of AC, is a member of the Malaysian Institute of Accountants, the Chartered Management Institute, United Kingdom (“UK”) and fellow of the Association of Chartered Certified Accountants, UK, fulfills the financial expertise as required by Bursa Malaysia Main LR. He also has vast working experience in areas of corporate finance.

Datuk Noripah Binti Kamso, member of AC, has vast experience in the Banking and Investment industry. She was the former Advisor of CIMB Islamic and the founding Chief Executive Officer of CIMB-Principal Islamic Asset Management Sdn Bhd; the Past President of the Malaysian Futures Brokers Association (MFBA) and formerly a Global Practitioner in Residence in Principal Financial Group Centre for Global Citizenship, United States of America.

Ms Sharmila Sekarajasekaran, member of AC, has been legal practice for many years, and joined the RIM Group in year 2005 and held various positions in the RIM Group.

In FY2017, the AC had met eight (8) times, two (2) of which were meeting with the External Auditors, without Executive Directors’ and Management’s presence and one (1) of which was meeting with the Internal Auditors, without Executive Directors’ and Management’s presence. The Executive Director (Finance), Head of Internal Audit, Senior Management, External Auditors, other Board members and the Company Secretary will attend the AC meetings upon invitation, as and when necessary. The attendance record of AC members were as follows:

Members	Directorship	Meeting Attendance
Tan Sri Dato’ Seri Utama Arshad Bin Ayub (Chairman)	Senior Independent Non-Executive Director	7/8 (87.5%)
Dato’ Lim Han Boon	Independent Non-Executive Director	8/8 (100%)
Datuk Noripah Binti Kamso	Independent Non-Executive Director	6/8 (75%)
Sharmila Sekarajasekaran	Independent Non-Executive Director	8/8 (100%)

During the FY2017, the AC had constantly engaged with the External Auditors and the Head of Internal Audit to keep abreast with the key audit issues and audit concerns affecting the Company.

Minutes of each AC meeting are noted by the Board via distribution to each Board member and the Chairman of the AC highlights on key issues discussed in the AC Meeting at each Board meeting.

The performance and effectiveness of AC would be assessed annually through AC evaluation and AC members’ self and peer evaluation conducted by the AC, and Nomination Committee (“NC”) reviewed the results of such assessments. The NC reviews the term of office and performance of the AC members annually. During the FY2017, the Board is satisfied that the AC and its members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference (“TOR”) of the AC.

TOR OF THE AC

The AC had discharged its function and carried out its duties as set out in the TOR.

The TOR of the AC is available for reference on the Company's website at <http://www.topglove.com/corporate-governance/>

SUMMARY OF ACTIVITIES FOR THE FY2017

1. Financial Reporting

- (a) Reviewed all the four (4) Quarter's Financial Statements and the annual Audited Financial Statements of the Company and recommended the same for the Board's approval. Discussion focused particularly on any change in the accounting policies and its implementation; significant and unusual events arising from the audit; the going concern assumption; compliance with accounting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by Management.
- (b) Reported its findings on the financial and Management performance, and other material matters to the Board.

2. Internal Audit

- (a) Reviewed and approved the Annual Internal Audit Plan for FY2017 proposed by the Internal Auditors to ensure the adequacy of the scope, coverage of works and that it has the necessary authority to carry out its works.
- (b) Reviewed the Internal Audit programme and results of Internal Audit together with the recommendations from the Internal Auditors. The AC considered the Internal Auditors' recommendations taken into account Management's responses and upon which approved the Internal Auditors' proposals for rectification and implement the agreed remedial actions for improvement.
- (c) Undertook assessment of the performance of the Internal Audit Function and reviewed its effectiveness of the audit process and assessed the performance of the overall Internal Audit Department ("IAD").
- (d) Held separate meetings to discuss the result of assessment with the Internal Auditors and other areas of Internal Audit's concern, without the presence of Executive Directors and Management.
- (e) Conducted interviews with the potential candidates to fill the vacancy as the Head of Internal Audit.

3. External Audit

- (a) Discussed with the External Auditors before the audit commences, the audit plan, nature and scope of the audit, area of audit emphasis, and ensured co-ordination where more than one (1) audit firms are involved; as well as the External Auditors' evaluation of the system of internal controls and audit reports.
- (b) Discussed and deliberated on the External Auditors' reports and recommendations regarding opportunities for improvement to the significant risk areas, internal controls and financial matters areas based on observations made in the course of interim and final audits.
- (c) Held two (2) private meetings with the External Auditors without the presence of the Executive Directors and Management to discuss on the areas of audit concern.
- (d) Discussed the results of annual assessment on the suitability and the independence of the External Auditors pursuant to the Company's External Auditors' Assessment Policy.
- (e) Reviewed the performance of the External Auditors and recommended its re-appointment and remuneration to the Board.
- (f) Reviewed and approved the provision of non-audit services rendered by the External Auditors.

4. Related Party Transactions

- (a) Reviewed and recommended on quarterly basis the related party transactions presented by Management to the Board for approval, to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders.
- (b) Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with Bursa Malaysia Main LR and pursuant to the Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature procured at the Eighteenth Annual General Meeting of the Company held on 5 January 2017.

5. Annual Reporting

Reviewed the AC Report, Statement of Risk Management & Internal Control, Corporate Governance Statement and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

6. Others

- (a) Reviewed the progress of all investment projects of the Company.
- (b) Reviewed the Investment Portfolios of the Company.
- (c) Deliberated the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/ regulatory disclosure requirements.
- (d) Considered and discussed new business ventures of the Company for the Board's approval.
- (e) Verified the share buy-back of the Company.
- (f) Verified the allocation of Employees' Share Option Scheme ("ESOS") and Employees Share Grant Plan ("ESGP") in compliance with the criteria as stipulated in the by-laws of ESOS and ESGP of the Company.
- (g) Reviewed whistle-blowing policy and cases of the Company.
- (h) Reviewed the term of office of the AC members.
- (i) Reviewed and approve the hedging transactions.

TRAINING

During the FY2017, all of the AC members have attended various seminars, training programme and conferences. The list of trainings attended is disclosed in the Corporate Governance Statement on pages 66 to 68 of this Annual Report.

INTERNAL AUDIT FUNCTION

The IAD led by Mr Tan Ghim Meng, a member of Institute of Internal Auditors and Chartered Institute of Management Accountants, reports directly to the AC. The principal objective of IAD is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and satisfactory. The function of the IAD is to provide the AC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The AC reviews and approves the Internal Audit plan of the Group submitted by the Head of Internal Audit.

During the FY2017, the areas audited included audits of the various departments covering all the factories and subsidiaries within the Group. Internal Audit reports were issued to the AC regularly and tabled in the AC meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and Management's responses with regards to any audit finding on the weaknesses in the systems and controls of the operations. The IAD conducted follow-up audit to ensure the agreed audit recommendations were implemented appropriately.

The total costs incurred for the in-house Internal Audit Function for the FY2017 was RM522,156.00 (2016: RM418,782.00).

RISK MANAGEMENT

The Board and Management have embarked on the risk management culture and endeavour to ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board undertakes to conduct regular risk awareness sessions at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.

RISK MANAGEMENT COMMITTEE ("RMC") COMPOSITION AND ATTENDANCE

In FY2017, the RMC had met five (5) times. The composition and the attendance record of the RMC members were as follows:

Directors	Directorship	Meeting Attendance
Dato' Lim Han Boon (Re-designated as Chairman of RMC on 12 May 2017)	Independent Non-Executive Director	5/5 (100%)
Tan Sri Rainer Althoff	Independent Non-Executive Director	5/5 (100%)
Lee Kim Meow	Managing Director	3/5 (60%)
Lim Cheong Guan	Executive Director	5/5 (100%)
Datuk Dr. Norma Mansor (Appointed on 12 May 2017)	Independent Non-Executive Director	1/1 (100%)
Tan Sri Mohd Sidek Bin Haji Hassan (Resigned on 14 February 2017)	Senior Independent Non-Executive Director	2/2 (100%)

TOR OF THE RMC

The RMC had discharged its function and carried out its duties as set out in the TOR.

The TOR of the RMC is available for reference on the Company's website at <http://www.topglove.com/corporate-governance/>

The aforesaid matter is further elaborated in details under a separate statement known as "Statement on Risk Management and Internal Control" on pages 77 to 79 of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("CA") to cause Management to prepare the financial statements for each financial year which have been made out in accordance with the provision of the CA and applicable approved accounting standards.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors shall ensure that Management have:

- a) Adopted appropriate accounting policies and applied them consistently;
- b) Made judgements and estimates that are reasonable and prudent;
- c) Ensured that all applicable approved accounting standards in Malaysia have been followed; and
- d) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records that disclose with reasonably accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the CA.

The Directors have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

