

TOP GLOVE

TOP QUALITY, TOP EFFICIENCY



**ANNUAL
REPORT
2016**
FINANCIAL YEAR ENDED
31 AUGUST 2016

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



TOP GLOVE

TOP QUALITY, TOP EFFICIENCY

THE WORLD IS OUR MARKET

**EXPORTS TO
195 COUNTRIES
WORLDWIDE**



**NORTH
AMERICA**

1. Canada
2. Puerto Rico
3. USA



**LATIN
AMERICA**

4. Anguilla
5. Antigua and Barbuda
6. Argentina
7. Aruba
8. Bahamas
9. Barbados
10. Belize
11. Bolivia
12. Brazil
13. British Virgin Island
14. Cayman Island
15. Chile
16. Colombia
17. Costa Rica
18. Dominica
19. Dominican Republic
20. Ecuador
21. El Salvador
22. Grenada
23. Guadeloupe
24. Guatemala
25. Guyana
26. Haiti
27. Honduras
28. Jamaica
29. Martinique
30. Mexico
31. Montserrat
32. Netherland Antilles
33. Nicaragua
34. Panama
35. Paraguay
36. Peru
37. Saint Bathelery
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. Azerbaijan
52. Belgium
53. Bosnia Herzegovina
54. Bulgaria
55. Croatia
56. Cyprus
57. Czech Republic
58. Denmark
59. Estonia
60. Finland
61. France
62. Georgia
63. Germany
64. Greece
65. Hungary
66. Iceland
67. Ireland
68. Italy
69. Kosovo
70. Latvia
71. Liechtenstein
72. Lithuania
73. Luxembourg
74. Macedonia, FYR
75. Malta
76. Moldova
77. Monaco
78. Montenegro
79. Netherlands
80. Norway
81. Poland
82. Portugal
83. Romania
84. Russia
85. San Marino
86. Serbia
87. Slovakia
88. Slovenia
89. Spain
90. Sweden
91. Switzerland
92. Turkey
93. United Kingdom



AFRICA

- 94. Algeria
- 95. Angola
- 96. Benin
- 97. Botswana
- 98. Burkina Faso
- 99. Burundi
- 100. Cameroon
- 101. Cape Verde
- 102. Chad
- 103. Comoros
- 104. Republic of the Congo
- 105. Djibouti
- 106. Equatorial Guinea
- 107. Ethiopia
- 108. Eritrea
- 109. Gabon
- 110. Gambia
- 111. Ghana
- 112. Guinea
- 113. Guinea-Bissau
- 114. Kenya
- 115. Lesotho
- 116. Liberia
- 117. Madagascar
- 118. Malawi
- 119. Mali
- 120. Mauritania

- 121. Mauritius
- 122. Morocco
- 123. Mozambique
- 124. Namibia
- 125. Niger
- 126. Nigeria
- 127. Rwanda
- 128. Sao Tome and Principe
- 129. Senegal
- 130. Seychelles
- 131. Sierra Leone
- 132. South Africa
- 133. Swaziland
- 134. Tanzania
- 135. Togo
- 136. Tunisia
- 137. Uganda
- 138. Zambia



ASIA

- 139. Afghanistan
- 140. Armenia
- 141. Bangladesh
- 142. Bhutan
- 143. Brunei
- 144. Cambodia
- 145. China

- 146. East Timor
- 147. Hong Kong
- 148. India
- 149. Indonesia
- 150. Japan
- 151. Kazakhstan
- 152. Kyrgyzstan
- 153. Laos
- 154. Macau
- 155. Malaysia
- 156. Maldives
- 157. Mongolia
- 158. Nepal
- 159. New Caledonia
- 160. Pakistan
- 161. Palestine
- 162. Philippines
- 163. Singapore
- 164. South Korea
- 165. Sri Lanka
- 166. Taiwan
- 167. Tajikistan
- 168. Thailand
- 169. Turkmenistan
- 170. Uzbekistan
- 171. Vietnam



MIDDLE EAST

- 172. Bahrain
- 173. Egypt
- 174. Israel
- 175. Jordan
- 176. Kuwait
- 177. Oman
- 178. Qatar
- 179. Saudi Arabia
- 180. UAE



OCEANIA

- 181. American Samoa
- 182. Australia
- 183. Fiji
- 184. Guam
- 185. Kiribati
- 186. Marshall Islands
- 187. Micronesia
- 188. Nauru
- 189. New Zealand
- 190. Palau
- 191. Papua New Guinea
- 192. Samoa
- 193. Solomon Islands
- 194. Tonga
- 195. Vanuatu



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

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 providing top quality products with excellent services through continuous improvement and innovation.

CORPORATE VALUES

- Global customer satisfaction
- Do it right first time and every time
- Integrity and total commitment
- Excellence in quality and competitiveness
- Environmental friendly and social responsibilities

QUALITY POLICY

- Quality and productivity are our business
- Continuous improvement and innovation are our duties
- Towards zero defect 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

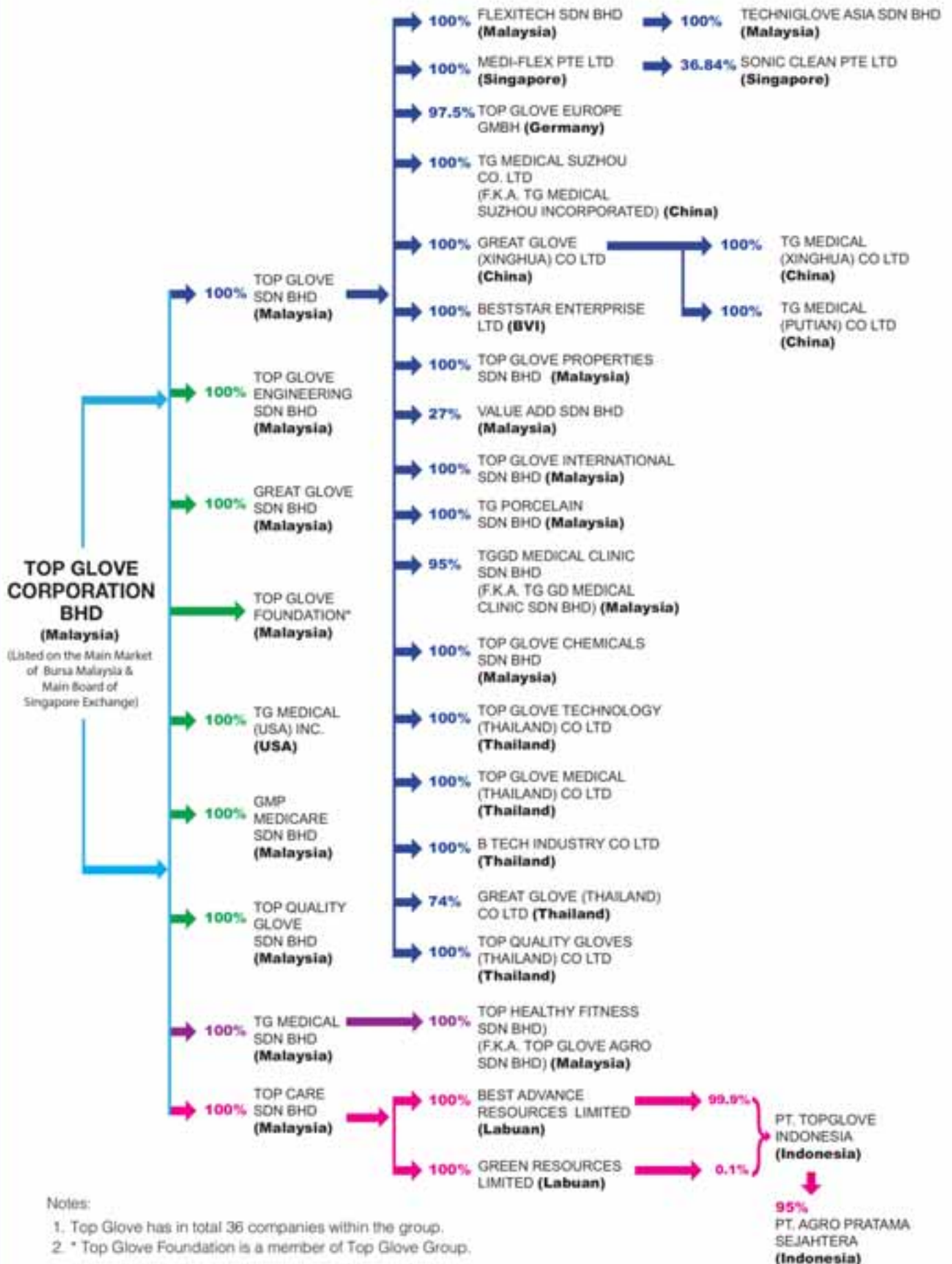
- Honesty
- Integrity
- Transparency

PAGE		PAGE		PAGE	
1	Export Markets	20	6-Year Financial Review	72	Audit Committee Report
2	Corporate Vision and Mission	21	Enhancing Shareholders' Value	76	Directors' Responsibility Statement
3	Contents	22	Letter to Stakeholders and Management Discussion & Analysis (English, BM & Mandarin)	77	Financial Statements for the financial year ended 31 August 2016
4	Corporate Structure	38	Sustainability Statement	163	List of Properties
5	International Quality Awards and Certifications	42	Financial Calendar	175	Analysis of Shareholdings
6	Corporate Information	43	Top Glove Corporate Song	178	Notice of the 18 th Annual General Meeting
7	Board of Directors	44	Corporate Governance Statement	183	Administrative Details for the 18 th AGM
8	Profile of Directors	67	Other Compliance Information	185	Form of Proxy
16	Profile of Key Senior Management	69	Statement on Risk Management and Internal Control	187	Corporate Directory
18	Senior Management Team				
19	Financial Highlights				

TOP GLOVE'S GLOBAL OFFICES



CORPORATE STRUCTURE



INTERNATIONAL QUALITY AWARDS AND CERTIFICATIONS

TOP GLOVE
TOP QUALITY. TOP EFFICIENCY



NEW LEVELS OF EXCELLENCE

2016



Asean Business Awards Malaysia 2016
Industry Excellence Award (Rubber-based)
by ASEAN Business Advisory Council

ASEAN-BAC



FTSE4Good
FTSE4Good Bursa
Malaysia Index



MALAYSIAN INSTITUTE OF MANAGEMENT
Institut Pengurusan Malaysia
Malaysian Leadership Excellence Award
by Malaysian Institute of Management (MIM)



MSWG - Asean Corporate Governance Award 2015
(Categories: Most Improved, Long Term Value
Creation (10 years), Diverse Board, Industry
Excellence (Manufacturing))
by MSWG



Outstanding Global Venture Award
by Malaysia Retail Chain Association (MRCA)

2015

BRAND OF EXCELLENCE

2015 Frost & Sullivan Asia Pacific
Medical Glove Company of the Year



Malaysia's Top 5 Exporters of Rubber Gloves 2012 to 2014
Malaysia's Largest Exporter of Rubber Products 2012 to 2014
Malaysia's Largest Exporter of Rubber Gloves 2012 to 2014
by Malaysian Rubber Export Promotion Council (MREPC)



Asean Business Awards Malaysia 2015
AEC Priority Integration Sector Excellence
(Rubber-Based Products)
by ASEAN Business Advisory Council



ASEAN Corporate Governance
Outstanding Achievement Awards
by ASEAN Capital Markets Forum



Best Mid-Cap Public Company
Asia's Best Companies 2015
by Finance Asia

2014



2013



2012



1991 TO 2011



BOARD OF DIRECTORS

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

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.my

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Mohd Sidek Bin Haji Hassan

Tel. : +603-3362 3098

E-mail :

sidekhassan@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@sshhsb.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

- Bank of China Limited
- 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 Lim Wee Chai
- 2 Puan Sri Tong Siew Bee
- 3 Tan Sri Rainer Althoff
- 4 Tan Sri Dato' Seri Utama Arshad Bin Ayub
- 5 Tan Sri Mohd Sidek Bin Haji Hassan
- 6 Dato' Lim Han Boon

- 7 Tay Seong Chee Simon
- 8 Sharmila Sekarajasekaran
- 9 Datuk Noripah Binti Kamso
- 10 Lee Kim Meow
- 11 Lim Cheong Guan
- 12 Lim Hooi Sin



TAN SRI DR LIM WEE CHAI
EXECUTIVE CHAIRMAN

Nationality/ Age	: Malaysian/ 58
Gender	: Male
Date of Appointment	: 4 September 2000 (Founder of Top Glove Group of Companies)
Length of Service (as at 14 November 2016)	: 16 years 3 months
Date of Last Re-election	: 8 January 2015
Board Committees	: <ul style="list-style-type: none"> • Chairman of ESOS Option Committee • Chairman of Investment Committee • Chairman of Employees' Share Grant Plan Committee • Member of Remuneration Committee
Board meeting attended in the Financial Year	: 6/6
Qualification(s)	: <ul style="list-style-type: none"> • 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 : Nil Other public companies : <ul style="list-style-type: none"> • Trustee of Top Glove Foundation • Director of UM Capital Berhad
Present Appointment(s)	: <ul style="list-style-type: none"> • Director and Board Member of University of Malaya and Employees Provident Fund since 2015 • Vice President of the Federation of Malaysian Manufacturers (FMM) since 2013 • Honorary President of the Malaysia-China Chamber of Commerce since 2012 • 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 <u>Lim</u> 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.



TAN SRI DATO' SERI UTAMA ARSHAD BIN AYUB

INDEPENDENT NON-EXECUTIVE DIRECTOR

Nationality/ Age	: Malaysian/ 88
Gender	: Male
Date of Appointment	: 4 September 2000
Length of Service (as at 14 November 2016)	: 16 years 3 months
Date of Last Re-appointment	: 6 January 2016 (Pursuant to Section 129(6) of the Companies Act, 1965)
Board Committees	: <ul style="list-style-type: none"> • Chairman of Audit Committee • Chairman of Nomination Committee • Member of Investment Committee
Board meeting attended in the Financial Year	: 6/6
Qualification(s)	: <ul style="list-style-type: none"> • 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)	: <p>Listed entities :</p> <ul style="list-style-type: none"> • Chairman of Malayan Flour Mills Bhd • Chairman of Tomypak Holdings Berhad • Chairman of Karex Berhad • Director of Kulim (Malaysia) Berhad <p>Other public company : Nil</p>
Present Appointment(s)	: <ul style="list-style-type: none"> • Chairman of Board of Directors of University of Malaya • 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	: <ul style="list-style-type: none"> • President of the Malaysian Rubber Products Manufacturers Association (MRPMA) • Chairman of Malaysian Rubber Export Promotion Council (MREPC) • Member of the Malaysian Rubber Board (MRB)

Had a distinguished career in the Malaysian Civil Service, had held various senior position in various Ministries in the Malaysian Government from 1958 to 1983, including serving as 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.



TAN SRI MOHD SIDEK BIN HAJI HASSAN

**SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR**

Nationality/ Age	: Malaysian/ 65
Gender	: Male
Date of Appointment	: 14 March 2013 (Re-designated as Senior Independent Non-Executive Director on 14 October 2014)
Length of Service (as at 14 November 2016)	: 3 years 8 months
Date of Last Re-election	: 7 January 2014
Board Committees	: • Chairman of Risk Management Committee • Member of Nomination Committee
Board meeting attended in the Financial Year	: 6/6
Qualification(s)	: • Masters of Business Administration (MBA) from New Hampshire College, United States of America • Bachelor of Economics (Honours) Degree in Public Administration from the University of Malaya
Present Directorship(s)	: Listed entity : Director of Malayan Flour Mills Berhad Other public company : Chairman of Petroliam Nasional Berhad
Present Appointment(s)	: Chairman of Malaysia Digital Economy Corporation Sdn. Bhd. (MDEC)
Past Appointment and Working Experience	: Tan Sri Sidek began his career in the Administrative and Diplomatic Service on 15 April 1974 as an Assistant Director at the International Trade Division of Ministry of International Trade and Industry. He was later appointed as Assistant Trade Commissioner at the Malaysian Embassy in Tokyo, Japan, from May 1977 until July 1980. From August 1980 until 1985, he served in the Implementation Coordination Unit (ICU) of the Prime Minister's Department, initially as a Principal Assistant Director, then later promoted to Deputy Director, Project Analysis Sector and subsequently as the Deputy Director of Research in the same department.

Tan Sri Sidek has expansive working experience within the Ministry of International Trade and Industry. During his service in the ministry, he was Malaysia's Trade Commissioner in Sydney, Australia, Deputy Director in the Policy and Research Division, Deputy Director (Operations) in the International Trade Division, Minister Counselor of Economic Affairs at the Embassy of Malaysia, Washington D.C., United States, and the Director of Multilateral Relations Division. He was appointed as Deputy Secretary-General (Trade) on 19 January 2001 and thereafter as the Secretary-General of the Ministry of International Trade and Industry on 24 October 2004. He was appointed as the 12th Chief Secretary to the Government of Malaysia by the Yang Di-Pertuan Agong on 3 September 2006 and was in the office until 23 June 2012.



LEE KIM MEOW
MANAGING DIRECTOR

Nationality/ Age	: Malaysian/ 57
Gender	: Male
Date of Appointment	: 15 October 2003
Date of Re-designated as Managing Director	: 7 April 2009
Length of Service (as at 14 November 2016)	: 13 years 1 months
Date of Last Re-election	: 6 January 2016
Board Committees	: <ul style="list-style-type: none"> • Member of Risk Management Committee • Member of ESOS Option Committee • Member of Employees' Share Grant Plan Committee
Board meeting attended in the Financial Year	: 6/6
Qualification(s)	: <ul style="list-style-type: none"> • 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)	: <ul style="list-style-type: none"> • 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 14 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.



Tan Sri Rainer Althoff
Independent Non-Executive Director

Nationality/ Age : Malaysia Permanent Resident/ 70

Gender : Male

Date of Appointment : 14 March 2013

Length of Service : 3 years 8 months
(as at 14 November 2016)

Date of Last Re-election : 7 January 2014

Board Committees :
Member of Risk Management Committee

Board meeting attended in the Financial Year : 6/6

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 the Rotary Club Kuala Lumpur DiRaja since 2001
- Member of International Advisory Panel to the Board of Directors of CIMB Bank since 2009
- Managing Director of ALC International since 2009
- Executive Director of Lauda Interactive AG Darmstadt, Germany since 2016

Past Appointment and Working Experience :
Has experience in the field of electrical engineering spans for more than 40 years. Tan Sri Rainer was the President and CEO of Siemens Malaysia Sdn. Bhd. and also the spokesperson for Siemens for all Siemens operations and affiliate companies in Malaysia for almost 11 years. He was also the Chairman of Coriant Malaysia Sdn. Bhd. and Nokia Siemens Networks Sdn. Bhd.



Puan Sri Tong Siew Bee
Executive Director

Nationality/ Age : Malaysian/ 58

Gender : Female

Date of Appointment : 4 September 2000
(Co-Founder of Top Glove Group of Companies)

Length of Service : 16 years 3 months
(as at 14 November 2016)

Date of Last Re-election : 6 January 2016

Board Committees : Nil

Board meeting attended in the Financial Year : 6/6

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 Sains, 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.

PROFILE OF DIRECTORS

(CONT'D)



Lim Hooi Sin
Executive Director

Nationality/ Age : Malaysian/ 54

Gender : Male

Date of Appointment : 4 September 2000

Length of Service : 16 years 3 months
(as at 14 November 2016)

Date of Last Re-election : 6 January 2016

Board Committees : Nil

Board meeting attended in the Financial Year : 6/6

Qualification(s) :

- Charter Financial Consultant Diploma from American College, PA, United States of America
- Master Degree in Business Administration (Minor in Applied Statistic) 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.



Lim Cheong Guan
Executive Director

Nationality/ Age : Malaysian/ 51

Gender : Male

Date of Appointment : 31 August 2006

Length of Service : 10 years 3 months
(as at 14 November 2016)

Date of Last Re-election : 8 January 2015

Board Committees :

- 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 : 6/6

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/ 59

Gender : Male

Date of Appointment : 21 February 2011

Length of Service : 5 years 9 months
(as at 14 November 2016)

Date of Last Re-election : 8 January 2015

Board Committees :

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

Board meeting attended in the Financial Year : 6/6

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) :

- Chief Executive Officer of Envo BPO Services Sdn. Bhd.
- Treasurer of Outsourcing Malaysia, a Chapter of PIKOM, the National ICT Association

Past Appointment and Working Experience :

Dato' Lim has more than twenty (20) years of experience in areas of transport and maritime logistics industry having worked for Kontena Nasional Berhad, for Kannaltec Berhad as its Group Chief Executive Officer, for Northport (Malaysia) Berhad as its General Manager, Corporate Services and for NCB Holdings Berhad as the Group Financial Controller and Company Secretary.



Datuk Noripah Binti Kamso
Independent Non-Executive Director

Nationality/ Age : Malaysian/ 59

Gender : Female

Date of Appointment : 18 March 2015

Length of Service : 1 year 8 months
(as at 14 November 2016)

Date of Last Re-election : 6 January 2016

Board Committees :

- Member of Audit Committee
- Member of Investment Committee

Board meeting attended in the Financial Year : 6/6

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
- Public Interest Director of FIMM (Federation of Investment Managers 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 / 48

Gender : Female

Date of Appointment : 18 March 2015

Length of Service : 1 year 8 months
(as at 14 November 2016)

Date of Last Re-election : 6 January 2016

Board Committees :

- Member of Remuneration Committee
- Member of Audit Committee

Board meeting attended in the Financial Year : 6/6

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

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.

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.



Tay Seong Chee Simon
Independent Non-Executive Director

Nationality/ Age : Singaporean/ 55

Gender : Male

Date of Appointment : 15 June 2016

Length of Service : 5 months
(as at 14 November 2016)

Board Committees : Nil

Board meeting attended in the Financial Year : 2/2

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.

The Management team is headed by the Executive Chairman, Tan Sri Dr Lim Wee Chai, Managing Director, Mr KM Lee. 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:

HUE KON FAH
Executive Director, Manufacturing

Nationality: Malaysian

Age / Gender : 59 / 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 35 years of experience in the manufacturing of rubber, plastics and electronics industries.

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

Nationality: Malaysian

Age / Gender : 69 / Male

Date of appointment : 3 September 2009

Qualification(s) :

1. Bachelor of Science, Mechanical Engineering
2. Master Degree in Marine Technology

Experience :

more than 33 years of service in the Police Force.

WONG CHONG BAN
Executive Director, Manufacturing

Nationality : Malaysian

Age / Gender : 44 / Male

Date of appointment : 9 March 1998

Qualification(s) :

Bachelor of Science, Chemistry

Experience :

more than 18 years of experience in the glove manufacturing industry.

LEW SIN CHIANG
Senior General Manager, Manufacturing

Nationality : Malaysian

Age / Gender : 43 / Male

Date of appointment : 16 March 1998

Qualification(s) :

Bachelor of Science, Industrial Chemistry

Experience :

more than 18 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.

PROFILE OF KEY SENIOR MANAGEMENT

(CONT'D)



NORAZIAH MAHMUD Senior General Manager, Marketing

Nationality: Malaysian

Age / Gender : 47 / Female

Date of appointment: 13 December 1993

Qualification(s) :
Bachelor Degree of Management Systems (Hons)

Experience :
more than 22 years of experience in the field of marketing.

AARON LAM YAT HING Senior General Manager, Marketing

Nationality : Malaysian

Age / Gender : 50 / Male

Date of appointment : 17 January 2011

Qualification(s) :
1. Certificate in Material Engineering
2. Diploma in Material Engineering

Experience :
more than 17 years of experience in the field of marketing.

JEREMY LIEW SAY KEONG Senior General Manager, Finance

Nationality: Malaysian

Age / Gender : 57 / Male

Date of appointment : 3 May 2005

Qualification(s) :
Bachelor of Business Administration, Finance and Accounting

Experience :
more than 30 years of experience in the field of accounting and finance.

CHOOKIAD USAHA Senior General Manager, Manufacturing

Nationality : Malaysian

Age / Gender : 57 / 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 30 years of experience in various manufacturing environment.

RAVI A/L SUPRAMANIAM General Manager, Manufacturing

Nationality: Malaysian

Age / Gender : 51 / Male

Date of appointment : 11 January 2006

Qualification(s) :
Bachelor of Science, Mechanical Engineering

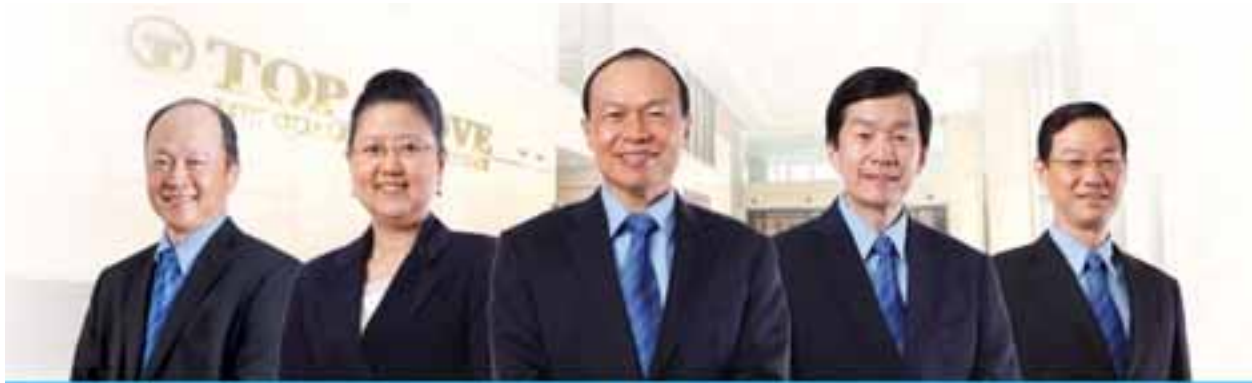
Experience :
more than 28 years of experience in the field of manufacturing.

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.

SENIOR MANAGEMENT TEAM



Lim Hooi Sin Puan Sri Tong Siew Bee Tan Sri Dr Lim Wee Chai Lee Kim Meow Lim Cheong Guan

2ND ROW



3RD ROW



4TH ROW



5TH ROW



2nd row (left to right)

Hue Kon Fah
Wong Chong Ban
Dato' Ir Haji Ahmad
Aaron Lam
Jeremy Liew
Lew Sin Chiang
Thomas Petermoeller
Noraziah Mahmud
Chookiad Usaha
Leong Chew Mun
Ravi A/L Supramaniam

3rd row (left to right)

Puon Tuck Seng
Lew Choong Teck
Lee Shin Hwai
Tan Chee Hoong
Chee Yih Tzuen
Dorothy Ressel
Noor Akilah Saidin
Apple Lau
Thomas Buri
Edwyn Poon
Michelle Ang

4th row (left to right)

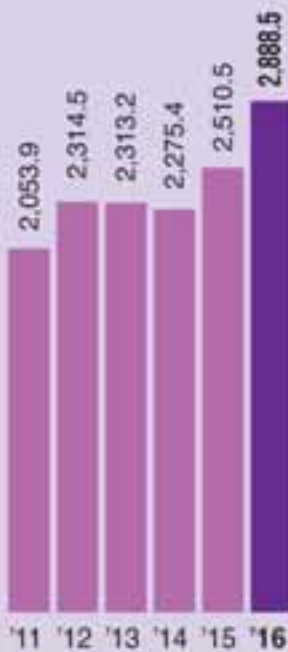
Tan Kian Guan
Ong Ah Chye
Jaturong Jongsiri
Wilawan Sakulsongboonsiri
Mansor Bin Daud
Seah Chong Shew
Aileen Choh
Wendy Yeoh
Nakagawa Eiichi
Loo Sun Nooi
Chang Chee Keong

5th row (left to right)

Lim Hwa Chuan
Jimmy Gan
Ngian Yoke Fung
Looi Guat Kian
Chen Chew Lan
Phattaraporn Chaisiri
See Sook Fong
Chan Siew Lan
Tan Lee Sem
Siah Ming Lei
Michelle Voon

FINANCIAL HIGHLIGHTS

REVENUE (RM MILLION)



PROFIT BEFORE TAX (RM MILLION)



NET PROFIT (RM MILLION)



NET CASH (RM MILLION)



REVENUE

↑ 15%

RM2,888.5 MILLION
[2015 : RM2,510.5 million]

NET PROFIT

↑ 29%

RM362.4 MILLION
[2015 : RM281.2 million]

ROE

IMPROVED
↑ 2.5%

19.9%
[2015 : 17.4%]

EPS

↑ 32%

29.0 SEN
[2015 : 22.0 SEN]*

NET DIVIDEND PER SHARE

↑ 26%

14.5 SEN
[2015 : 11.5 SEN]*

NET CASH

↑ 69%

RM303.7 MILLION
[2015 : RM180.1 million]

* The EPS and Net Dividend per Share have been restated to take into account the effect of bonus issue on the basis of one new ordinary share for every one existing ordinary share held in FY2016.

THE GROUP REGISTERED COMPOUNDED ANNUAL GROWTH RATES (CAGR) FOR REVENUE AND NET PROFIT ATTRIBUTABLE TO EQUITY OF 24% AND 29% RESPECTIVELY, SINCE LISTING IN 2001.



Group	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)	31.8.11 (RM'000)
Turnover	2,888,515	2,510,510	2,275,366	2,313,234	2,314,454	2,053,916
Earning Before Interest, Depreciation & Taxation	524,682	441,714	301,800	310,618	297,682	196,706
Profit Before Taxation	442,202	363,538	216,310	242,204	240,702	145,470
Taxation	79,763	82,346	32,745	39,375	33,417	30,338
Profit After Tax	362,439	281,192	183,565	202,829	207,285	115,132
Profit Attributable to Owners of the Parent	360,729	279,781	180,523	196,500	202,726	113,091
Net Cash / (Borrowings)	303,747	180,106	157,633	158,390	308,468	254,264
Total Equity / Net Assets	1,825,759	1,614,393	1,397,550	1,357,841	1,279,853	1,146,373
Return on Equity (%)	19.9	17.4	13.1	14.9	16.2	10.0
Net Assets Per Share (RM)*#	1.46	1.30	1.13	1.09	1.03	0.93
Basic Earnings Per Share (RM)*#	0.29	0.22	0.14	0.16	0.16	0.09
Net Dividend (sen)*	14.50	11.50	8.00	8.00	8.00	5.50
Number of Shares in Issue ('000)#	1,252,648	620,860	620,664	620,220	618,880	618,513
Share Price (RM)^	4.25	7.72	4.79	6.14	5.29	4.86
Market Capitalisation#	5,323,754	4,793,039	2,972,981	3,808,151	3,273,875	3,005,973

* 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 FY2015.

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

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

DIVIDEND PAYOUT

Dividend Policy :
50% of Profit After Tax and Minority Interest

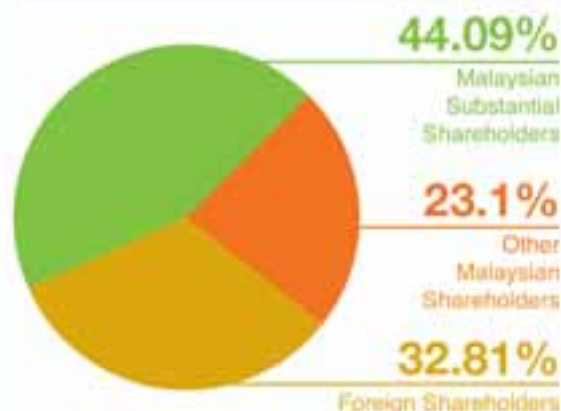
- Total Dividend (sen)
- Proposed Final Dividend (sen)
- Final Dividend (sen)
- Interim Dividend (sen)



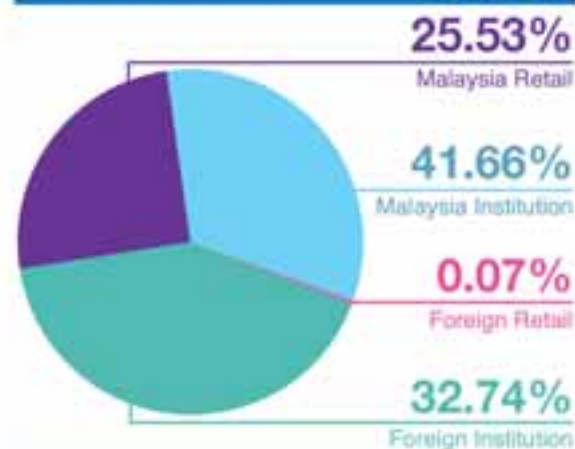
	2011	2012	2013	2014	2015	2016
Total Dividend (RM million)	68.0	99.0	99.3	99.0	142.8	181.6
Payout Ratio (%)	60	49	51	55	51	50

TOTAL DIVIDEND PAYMENT OF RM372.1 MILLION SINCE LISTED IN YEAR 2001.

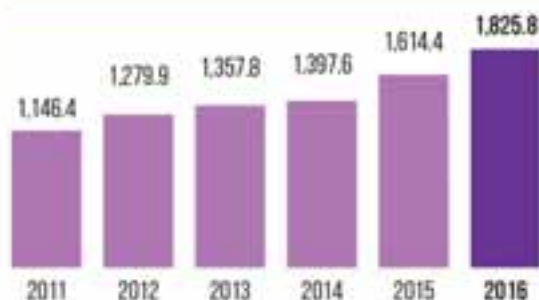
EQUITY HOLDERS STRUCTURE (MALAYSIAN & FOREIGNER) as at 31 August 2016



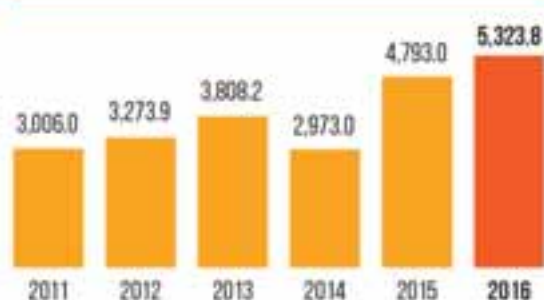
SHAREHOLDER MIX (MALAYSIA VS. FOREIGN) as at 31 August 2016



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.my



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**

LETTER TO STAKEHOLDERS AND MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

OUR FELLOW STAKEHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF TOP GLOVE CORPORATION BHD (“TOP GLOVE”), WE ARE PLEASED TO PRESENT OUR ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2016 (“FY2016”).

Business Landscape

This year, we mark our 25th anniversary or Silver Jubilee, and there is indeed cause for celebration. Our financial year ended 31 August 2016 represented another record year for Top Glove, where once again we achieved historical highs in full year Revenue and Profit.

Our robust performance is the result of several improvement initiatives which have been highly effective in enhancing our glove quality and our cost efficiency, the twin pillars of Top Glove’s time-tested success formula. The Group’s performance was also boosted by a stronger USD, as well as lower raw material prices earlier in the financial year. Meanwhile, our China operations continued to progress well and contribute positively, complementing our existing product range.

As with previous outbreaks of infectious diseases such as SARS, H1N1 and bird flu, the emergence of Zika has continued to heighten awareness of the importance of PPE (personal protective equipment) in the healthcare industry. This has placed gloves at the forefront, auguring well for our business.

However, competition during the year in review remained

rife, as major glove players ramped up their capacity in the nitrile glove segment. The operating environment also continued to be challenging with increases in utility costs such as gas and electricity, as well as minimum wage, coming into force.

While we remain vigilant of headwinds, we are not unduly concerned. Our approach has always been to focus on factors which are within our control. These are chiefly the pursuit of quality enhancements and cost reduction through automation, computerisation and technology transformation which have helped offset effects of less favourable conditions and enabled us to maintain a steady performance throughout the year.

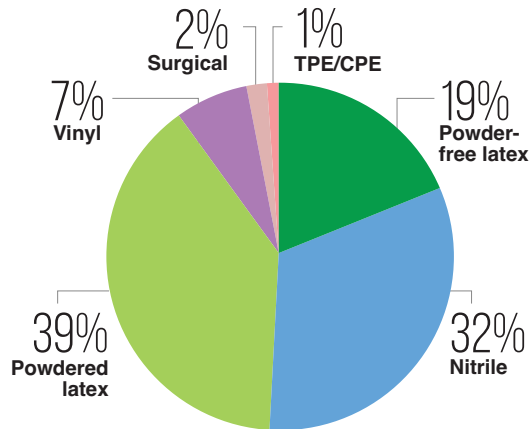
Ours is also a business which has proven to be resilient in the face of economic and political uncertainty. Both in good and lean times, the global demand for rubber gloves continues growing steadily at a rate of 6% to 8% per annum, driven by their indispensability to the healthcare sector. Other factors which continue to move our industry forward include increasing hygiene standards and healthcare awareness, a growing ageing population which requires more medical attention, as well as progressively stringent health regulations which mandate the use of gloves the world over.



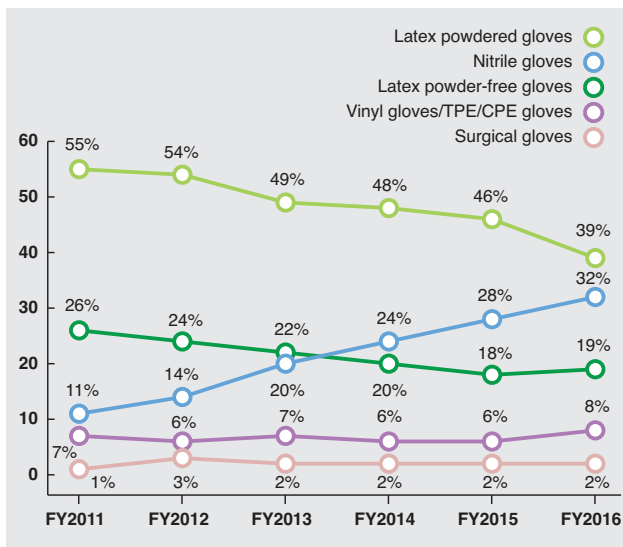
Milestone in the Lion City: Top Glove Directors, Singapore Exchange listing working team and professionals pose for a group photo upon the successful secondary listing of Top Glove Corporation Bhd on the Main Board of the Singapore Exchange on 28 June 2016

Our product mix by glove type and sales (quantity) for FY2016 are as depicted below:

Product Mix by Glove Type FY2016

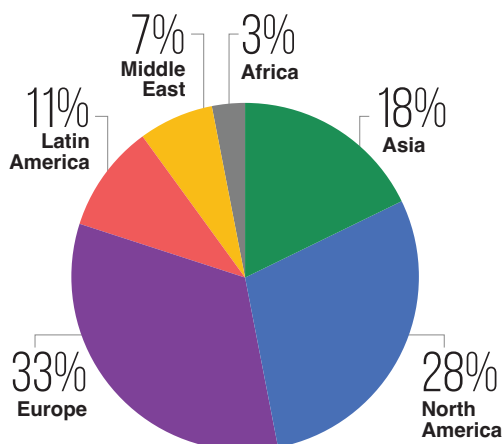


Product Mix by Sales (Quantity) FY2016



Our geographical breakdown of revenue for FY2016 is depicted below:

Revenue by Geography FY2016



Another Record Year

For FY2016, the Group attained its highest full year Revenue ever of RM2.9 billion, exceeding the previous all-time high achieved in FY2015 by 16%. Profit Before Tax and Profit After Tax each also registered record highs at RM442.6 million and RM362.8 million, respectively representing an upturn of 21.8% and 29%.

Volume (quantity sold) also reached unprecedented levels notwithstanding intensifying competition and pricing pressure. The volume growth of 11% compared to FY2015, was attributed to the Group having fortified its presence particularly in US and Europe markets, where nitrile glove sales increased by about 30% versus FY2015. Sales of nitrile gloves comprised 32% of our total sales in FY2016 and in 4QFY16 alone, accounted for 34%. Over a 7-year period from 2010 to 2016, Top Glove's nitrile glove sales volume surged by 861%. Also contributing to the increase in volume was the steady rise in natural rubber glove sales as Top Glove continued to make inroads into emerging markets.

While our focus remains on producing nitrile gloves in line with market trends, we will continue to maintain a diversified product range. This decreases our dependency on any one type of glove and mitigates the impact of increases in raw material prices. It also enables us to meet the different demands in developed and emerging markets.

Our strong performance is attributed to on-going improvement initiatives in quality and efficiency which have seen several enhancements throughout the glove production process being implemented. These include:

- Downtime reduction programs**
 Initiatives such as proper downtime planning and the use of consumable parts with a longer lifespan, have led to an increase in production line utilization.
- Increased automation**
 We continue to focus our efforts on automating the most labour intensive aspects of the production process, such as compounding, chemical preparation and packing.
- Full implementation of SCADA**
 The use of a centralized system (SCADA), allows the monitoring and control of our production line parameters to be completely automated, thereby increasing data accuracy and traceability.
- High efficiency heating**
 Efforts to upgrade older and less efficient burners, to higher efficiency burners with safety features are ongoing.
- Alternative water sources**
 We continue to identify alternative water sources, such as underground and surface water, that can be treated by our proprietary treatment system for use in glove production.

LETTER TO STAKEHOLDERS AND MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Tan Sri Dr Lim presents a token of appreciation to Mr Loh Boon Chye, CEO of Singapore Exchange, while Mr KM Lee and H.E. Vanu Gopala Menon, Singapore High Commissioner (far right) look on

- **Energy conservation projects**

In order to reduce energy consumption and wastage, we leverage new technologies in the area of air compressor and chiller heat recovery, better oven insulation and optimisation of compressed air usage.

- **Enhanced robotic arms**

Production lines are now fitted with new and improved robotic arms that have superior stripping abilities, resulting in a substantial improvement in the quality of our gloves.

- **Improved auto-stacking process**

The present auto-stacking process features better layering, enabling gloves to be packed more efficiently and dispensed easily.

Towards better glove quality, our R&D Centre has also introduced several improvements, for which patents are pending. These include former quality enhancements in terms of functionality and design, as well as an automated system for quality control. Improvements have also been made to conveyor chains and various production line accessories, to increase production efficiency.

We have also invested in a glove former factory, which will supply part of our requirements for better quality glove moulds, with better delivery timelines and at a lower cost. This will also enable us to tailor-make our gloves and cater to the specialised requirements of our customers.

In the pipeline are also plans for a chemical plant, which is expected to cover our Malaysian factories' chemical consumption of 650 MT/month. Targeted to be operational by the 2nd quarter of 2017, this facility will enable savings on chemical cost, protect our unique formulation as well as perform R&D towards producing better quality gloves.

In addition, Top Glove also benefitted from a strong US Dollar and weak raw material prices in the first half of FY2016. Compared with FY2015, average nitrile prices fell by 6.7%, while average latex prices were generally flattish, decreasing by 0.2%. However, in line with industry norms, we have shared out exchange rate gains and savings from lower raw material prices with

customers. Our selling prices have also been revised downward by about 11.6% throughout the year.

However, several challenges over the financial year affected our results. These included cost increases, namely 2 rounds of upward revisions in the natural gas tariff (on 1 January 2016 and again, on 15 July 2016) and a hike in the monthly minimum wage from RM900 to RM1,000 (effective 1 July 2016).

Competition in the nitrile glove segment also further intensified. However, we believe that as long as we stay lean and efficient, we are able to turn this into a positive situation. Increased competition may eventually result in market consolidation, which ultimately reduces competition as weaker players are edged out and allows the industry to recalibrate itself. Additionally, this represents potential M&A opportunities for us, while also providing the impetus for us to keep improving in order to stay relevant and competitive.

As at 31 August 2016, the Group's balance sheet remained healthy with a positive net cash position of RM303.7million.

Meanwhile, total shareholders' equity was RM1.8 billion and net asset per share stood at RM1.46.

Honouring its commitment to enhance shareholder value, the Board of Directors has proposed a final dividend of 8.5 sen, bringing the total FY2016 dividend payout to 14.5 sen, subject to shareholders' approval at the upcoming AGM in January 2017. FY2016's dividend payout totalled approximately RM186.1 million, representing a 26.1% increase in dividend per share and a 50% dividend payout ratio compared with FY2015.

Corporate Developments

To ensure we are well-positioned to meet the growing glove demand, Top Glove will continue to embark on quality expansion, undeterred by concerns of oversupply which we believe is tapering off. In August 2016, the Group completed the expansion of Factory 27 in Lukut while the expansion of Factory 6 in Thailand is expected to conclude in November 2016. In progress is also the construction of a new facility, Factory 30 in Klang, expected to commence production by April 2017, by which time Top Glove will boast a total of 540 production lines and a production capacity of 52.4 billion gloves per annum. With a view to expanding its production capacity, the Group also recently acquired a factory in Klang (Factory 31). Phase 1 of the facility is targeted to be operational by mid-2017 and estimated to be able to produce 1.5 billion pieces of gloves per annum, while Phase 2 (targeted to be completed by May 2018) will add another 4.5 billion gloves to its production capacity. Top Glove will continue to pursue synergistic M&A opportunities both in similar and related industries.

Top Glove also saw to fruition the launch of a Private Retirement Scheme (PRS) in February 2016, a people-centric initiative aimed at offering employees rewards which yield long-term returns. This dovetails into our multi-pronged approach to remuneration, which already encompasses short-term rewards, in the form of performance incentives or bonus; and medium-term rewards, like share grants and ESOS.





Best of the best: Tan Sri Dr Lim Wee Chai and Mr KM Lee present the Best Factory Award to Mr Hue Kon Fah accompanied by Mr Ong Ah Chye (Factory 12) and runner-up award to Mr Lew Sin Chiang (Factory 13)

On 28 June 2016, Top Glove successfully completed a secondary listing on the Main Board of the Singapore Exchange (SGX), recording a major milestone for the company. As with many of our corporate exercises, the objective for this listing was to add and create value for our shareholders, who are now able to trade Top Glove shares either on the Singapore Stock Exchange or Bursa Malaysia. Our listing is also expected to enhance our investor reach and diversify our investor base, giving us access to a new platform for potential future fundraising. It will also raise our visibility amongst investors, analysts and media on an international level.

In line with requirements of our secondary listing on the Singapore Exchange, Top Glove also appointed a new Singaporean Independent Non-Executive Director, Mr Tay Seong Chee Simon to the Board.

In recognition of our commitment to upholding the highest standards of corporate governance, Top Glove was named one of the *Top 2 Publicly Listed Companies with Outstanding Achievement*, at the ASEAN Corporate Governance Outstanding Achievement Awards in Manila, in November 2015. We also won awards for the Malaysia-Asean Corporate Governance Transparency Index, Findings and Recognition 2015, garnering the *Minority Shareholder Watchdog Group Annual CG Award* under four categories namely *Most Improved*, *Long Term Value Creation (10 years)*, *Diverse Board* and *Industry Excellence (Manufacturing)*, at a ceremony held in Kuala Lumpur. Additionally, Top Glove was also named 2015 *Frost & Sullivan Asia Pacific Medical Glove Company of the Year* in October 2015.

In December 2015, Top Glove was amongst 35 out of more than 900 PLCs to qualify for inclusion in the FTSE4Good Bursa Malaysia Index, having demonstrated a leading approach to addressing Environmental, Social and Governance (ESG) risks, in accordance to globally recognised standards. It also received the coveted *Asean Business Awards Malaysia 2016 Industry Excellence Award (Rubber-based)* while our Executive Chairman was one of only five outstanding personalities honoured with the prestigious *2016 Malaysian Leadership Excellence Award* by the Malaysian Institute of Management (MIM).

Sustaining a Socially Responsible Business

Our CR initiatives are driven by an earnest desire to make a positive difference in terms of our environment, employees, ethics and community. These are important areas both for our stakeholders as well as the business, and we believe Top Glove's success is only sustainable when these areas are treated with dignity and respect.

To learn more about our efforts to operate in a socially responsible and conscionable way, please see our Sustainability Statement on pages 38 to 41.

R&D and Technological Advancement

Research and Development (R&D) has always played a pivotal role at Top Glove. Ongoing innovation and continuous, focused R&D activities are vital for the long-term success of a global manufacturing company such as Top Glove. In keeping with our unique positioning as a One-Stop Complete Glove Sourcing Center, our goal is to offer our customers a diversified range of high quality and value-added gloves that meet their increasingly high expectations.

During the year in review, our R&D activities focused on enhancing our product selection and our newly launched innovative product range includes Polyisoprene Surgical Gloves and Grip Gloves. Our researchers are also highly committed to transforming new ideas and concepts into commercially viable products and processes. In financial year 2016 alone, Top Glove filed a total of eleven patents as part of our intellectual property (IP) management to secure the exclusivity of our innovations. These inventions, mainly pertaining to technology breakthroughs in the manufacturing process, enable us to increase production efficiency, reduce costs and improve product reliability.

As at 31st August 2016, the Top Glove R&D Centre had over 100 researchers, a huge leap forward from its headcount of approximately 50 staff in FY2015, underscoring the growing importance of R&D in our business. Throughout the year, our initiatives remained well-aligned with the tenet in our Quality Policy: "Continuous improvement and innovation are our duties", as we collaborated with universities, suppliers and third party research institutes on new developments, to mitigate challenges within an increasingly competitive industry. We also continued to invest in advanced R&D facilities while expanding our technical services, enabling us to cater for a wider scope of testing.

As we move into the next phase of our R&D journey, our focus continues to be supporting our customers' success by creating exceptional value through continuous research and development. We aim to deliver the best products and service to our customers, as we transform our product portfolio to meet their growing needs. Going forward, we expect to see more significant developmental milestones on the research and innovation front.

Towards the Next Level of Success

FY2016 has been another good year for Top Glove and represents a particularly significant one, as it marks 25 exciting years of being in the rubber glove business. However, this is just the start of our success journey and we have much more to achieve, going forward.

LETTER TO STAKEHOLDERS AND MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Foremost on our corporate agenda remains increasing our 25% global market share for rubber gloves to 30%, further cementing our leadership position as the world's largest rubber glove manufacturer. To this end, we are tapping the demand in both developed and emerging markets, by actively participating in trade shows to grow our customer base, whilst also working on increasing sales to existing customers through better product quality and costing efficiency.

Additionally, we are also steadily working towards becoming the world's largest nitrile glove manufacturer and keenly on the lookout for M&A opportunities to complement our organic expansion plans as well.

To build a winning team capable of supporting our high growth strategy, we have in place recruitment, development and retention initiatives, which put employee well-being first and make Top Glove a great place to work. These include competitive remuneration packages, advanced learning and development opportunities and promising career prospects which keep our people sharp, satisfied and engaged.

Looking ahead, all indications point to a competitive and challenging terrain. However, adversity has always brought out the best in Top Glove, igniting in us the drive to work harder, faster and smarter to identify out-of-the-box solutions. We remain confident in our industry's potential, as well as our ability to overcome any temporary unfavourable conditions and emerge even stronger, as we continue adhering closely to our Business Direction **To produce consistently high quality gloves with efficient low cost.**

In Appreciation

Everyone at Top Glove has played a unique role in enabling us to deliver excellent FY2016 results and making us the resounding success we are today.

To our far-sighted Management and our dedicated, hardworking employees, we are immensely appreciative of your many contributions in upholding our vision and good performance year after year.

We also wish to record our thanks to our loyal shareholders, customers, vendors and business associates for your unwavering support and the strong confidence you have placed in us. We do not take this for granted and are committed to find ways to make our partnerships even more rewarding and meaningful.

Finally, we would like to acknowledge our fellow board members for their astute guidance which continues to make us a stronger and better organization. We also take this opportunity to welcome our newest board member, Mr Tay Seong Chee Simon whose addition will enrich our diverse board and whose experience will be instrumental in helping steer the company forward.

It is a great honour to work alongside such amazing people, as we build a firm foundation for our next growth chapter.

Thank you.

TAN SRI DR LIM WEE CHAI
Executive Chairman
Top Glove Corporation Bhd
28 October 2016

LEE KIM MEOW
Managing Director
Top Glove Corporation Bhd
28 October 2016



Our young, aspiring leaders at the Top Glove Youth Leadership Summit 2016

PARA PIHAK BERKEPENTINGAN, BAGI PIHAK LEMBAGA PENGARAH TOP GLOVE CORPORATION BHD ("TOP GLOVE"), KAMI DENGAN SUKACITANYA MEMBENTANGKAN LAPORAN TAHUNAN BAGI TAHUN KEWANGAN BERAKHIR 31 OGOS 2016 ("TK2016").



Top Glove dianugerahi sempena "MSWG-Asean Corporate Governance Transparency Index, Findings and Recognition 2015" oleh Minority Shareholder Watchdog Group (MSWG)

Landskap Perniagaan

Tahun ini menandakan ulang tahun ke-25 atau Jubli Perak Top Glove, dan sememangnya, kami mempunyai sebab untuk meraikan. Tahun kewangan kami yang berakhir pada 31 Ogos 2016 merupakan tahun rekod cemerlang sekali lagi bagi Top Glove, di mana kami mencatatkan pencapaian tertinggi bersejarah dalam Keuntungan dan Pendapatan tahunan.

Keputusan Kumpulan yang cemerlang dikaitkan dengan beberapa inisiatif penambahbaikan yang telah memainkan peranan penting dalam meningkatkan kualiti dan kecekapan kos, dua elemen yang penting bagi kejayaan berterusan Top Glove. Prestasi baik Kumpulan juga disebabkan oleh pengukuhan matawang Dollar Amerika serta harga bahan mentah yang lebih rendah pada awal tahun kewangan ini. Sementara itu, operasi kami di China terus berjalan lancar dan menyumbang secara positif, melengkapkan rangkaian produk kami yang sedia ada.

Kemunculan Zika sama seperti wabak penyakit berjangkit lain termasuk SARS, H1N dan selesema burung terus menekankan kepentingan alat pelindung diri (PPE) dalam industri penjagaan kesihatan. Ini menyebabkan sarung tangan amat diperlukan, satu petanda baik bagi perniagaan kami.

Walau bagaimanapun, kami juga menghadapi persaingan yang hebat dalam tahun ini, di mana kebanyakan pemain industri sarung tangan utama telah mengembangkan kapasiti dalam segmen sarung tangan nitril menyebabkan persaingan terus meningkat. Persekitaran perniagaan kekal mencabar disebabkan kenaikan kos utiliti seperti gas dan elektrik dan juga penguatkuasaan peningkatan dalam gaji minimum pekerja.

Sementara kami sentiasa berwaspada terhadap angin kencang ini, tetapi kami tidak terlalu bimbang. Pendekatan kami adalah memberi tumpuan kepada faktor-faktor yang berada dalam kawalan kami dengan meningkatkan kualiti dan kecekapan kos melalui automasi, pengkomputeran dan transformasi teknologi bagi mengurangkan kesan angin sakal. Ini membolehkan kami mengekalkan prestasi yang stabil sepanjang tahun.

Perniagaan kami telah terbukti mampu berdaya tahan dalam menghadapi ketidakpastian ekonomi dan politik. Sama ada dalam masa baik atau buruk, permintaan global bagi sarung tangan getah terus berkembang dengan mantap pada kadar 6% kepada 8% setahun, sebagai alat yang amat diperlukan dalam sektor penjagaan kesihatan. Faktor-faktor lain yang terus menggerakkan industri kami ke depan termasuk standard kebersihan dan kesedaran penjagaan kesihatan yang meningkat, penduduk yang semakin

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN & PERBINCANGAN DAN ANALISIS PIHAK PENGURUS

> LETTER TO STAKEHOLDERS : BAHASA MALAYSIA VERSION (SAMB.)

berusia dan memerlukan perhatian perubahan, serta peraturan-peraturan kesihatan semakin ketat yang mewajibkan penggunaan sarung tangan di merata duina.

Pencapaian Tahun Rekod Cemerlang Sekali Lagi

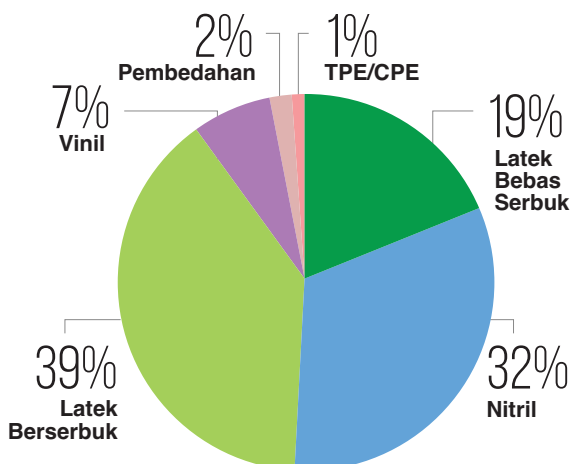
Bagi TK2016, Kumpulan telah mencapai Pendapatan tahunan yang tertinggi sebanyak RM2.9 bilion, melebihi Pendapatan tahunan yang dicapai dalam TK2015 sebanyak 16%. Keuntungan Sebelum Cukai dan Keuntungan Selepas Cukai juga mencatatkan paras rekod yang tertinggi pada RM442.6 juta dan RM362.8 juta, masing-masing memaparkan peningkatan sebanyak 21.8% dan 29%.

Volum (kuantiti yang dijual) juga turut mencapaikan paras yang tertinggi, walaupun adanya persaingan yang semakin sengit dan tekanan harga. Pertumbuhan dalam volum jualan sebanyak 11% berbanding dengan TK2015 disebabkan Kumpulan telah mengukuhkan kehadirannya di pasaran maju terutamanya di pasaran US dan Eropah, di mana jualan sarung tangan nitril meningkat kira-kira 30% berbanding TK2015. Jualan sarung tangan nitril terdiri daripada 32% jumlah jualan kami pada TK2016 dan menyumbang 34% dalam 4STK16. Dalam tempoh 7 tahun dari 2010 hingga 2016, volum jualan sarung tangan nitril Top Glove telahpun melonjak sebanyak 861%. Turut menyumbang kepada peningkatan dalam volum jualan adalah peningkatan mantap dalam jualan sarung tangan getah asli kerana Top Glove terus menembusi pasaran baru muncul.

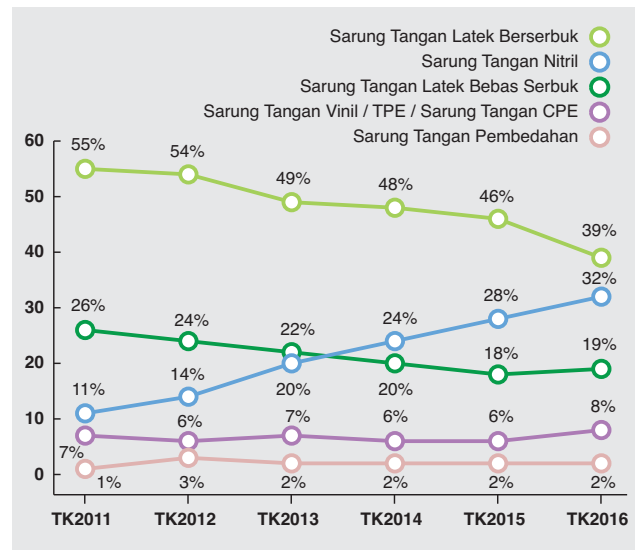
Walau apapun tumpuan kami kukuh terhadap sarung tangan nitril selaras dengan trend pasaran, kami yakin dalam mengekalkan rangkaian produk yang pelbagai. Ini akan mengurangkan kebergantungan kepada mana-mana satu jenis sarung tangan dan juga mengurangkan kesan kenaikan harga bahan mentah, di samping membolehkan kami memanfaatkan permintaan dalam kedua-dua pasaran maju dan baru muncul.

Campuran produk kami mengikut jenis sarung tangan dan jualan (kuantiti) bagi TK2016 seperti lampiran di bawah:

Campuran Produk Mengikut Jenis Sarung Tangan TK2016

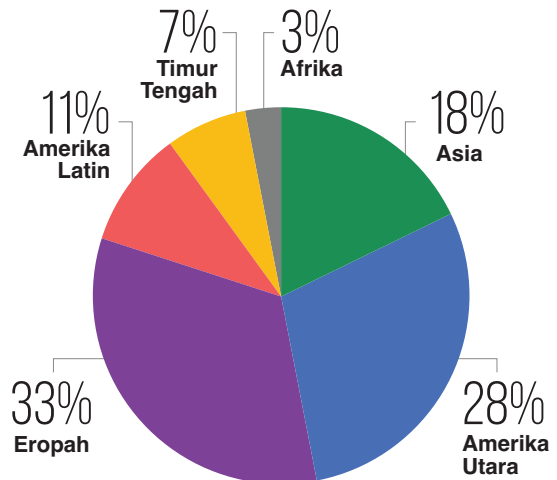


Campuran Produk Mengikut Jualan (Kuantiti) TK2016



Pecahan pendapatan mengikut geografi bagi TK2016 seperti lampiran di bawah:

Hasil Pendapatan Mengikut Geografi TK2016



Prestasi kami yang baik adalah disebabkan oleh inisiatif berterusan dalam peningkatan kualiti dan kecekapan yang dilaksanakan sepanjang proses pengeluaran sarung tangan. Ini termasuklah:

- *Program pengurangan downtime*
Inisiatif seperti perancangan *downtime* yang baik dan penggunaan peralatan gunahabis dengan jangka hayat yang lebih panjang, telah membawa kepada peningkatan dalam penggunaan tarian pengeluaran.
- *Peningkatan automasi*
Kami terus menumpukan usaha kami dalam mengautomasikan pada proses pengeluaran yang paling beraspek buruh intensif, seperti pengkompaunan, penyediaan kimia dan pembungkusan.



Top Glove bertekad untuk meneruskan pelaburan dalam R&D untuk kekal berdaya saing dalam industri

- *Pelaksanaan sepenuhnya SCADA*

Penggunaan sistem berpusat (SCADA) membolehkan pemantauan dan pengawalan talian pengeluaran kami menjadi automatik sepenuhnya, dengan itu, ini dapat meningkatkan ketepatan dan kebolehesanan data.

- *Pemanasan yang berkecekapan tinggi*

Usaha untuk meningkatkan taraf pemanasan yang kurang cekap menjadi pembakar yang lebih cekap serta mempunyai ciri-ciri keselamatan yang lebih tinggi adalah berterusan.

- *Sumber air alternatif*

Kami terus berusaha dalam mengenal pasti sumber air alternatif seperti air bawah tanah dan permukaan, yang boleh dirawat oleh sistem rawatan proprietari kami untuk digunakan dalam pengeluaran sarung tangan.

- *Projek-projek penjimatan tenaga*

Dalam usaha untuk mengurangkan penggunaan tenaga dan pembaziran, kami telah memanfaatkan teknologi baru dalam bidang pemampat udara dan pemulihan penyejuk haba, penebat ketuhar yang lebih baik dan pengoptimuman penggunaan udara termampat.

- *Penambahbaikan kemudahan robotik*

Talian pengeluaran kini telah dilengkapi dengan kemudahan robotik baru yang mempunyai kebolehan pelucutan yang unggul, menyebabkan peningkatan yang ketara dalam kualiti sarung tangan kami.

- *Penambahbaikan proses auto-susun*

Proses auto-susun kini mempunyai lapisan yang lebih baik, membolehkan sarung tangan dapat dibungkus dengan lebih cekap dan dilucut dengan mudah.

Demi menghasilkan sarung tangan yang berkualiti, Pusat Penyelidikan dan Pembangunan (R&D) kami telah memperkenalkan beberapa penambahbaikan, yang sedang dipatenkan. Ini termasuk peningkatan kualiti acuan sarung tangan dari segi fungsi dan reka bentuk, dan juga sistem automatik untuk kawalan kualiti. Beberapa penambahbaikan juga telah dibuat dalam rantai penghantaran dan pelbagai aksesori talian pengeluaran bagi meningkatkan kecekapan pengeluaran.

Kami juga telah melabur dalam sebuah kilang acuan sarung tangan, di mana ia akan membekalkan sebahagian daripada keperluan kami bagi acuan sarung tangan yang lebih berkualiti baik dengan masa penyampaian yang lebih baik dan kos yang lebih rendah. Ini membolehkan kami menghasilkan sarung tangan yang dapat memenuhi keperluan khusus pelanggan.

Dalam perancangan adalah pembinaan loji kimia, yang dijangka dapat menampung penggunaan bahan kimia kilang Malaysia kami sebanyak 650 MT setiap bulan. Dijangka akan beroperasi pada suku kedua 2017, kemudahan ini membolehkan penjimatan kos kimia, melindungi formulasi unik kami dan juga melaksanakan R & D, untuk menghasilkan sarung tangan yang lebih berkualiti.

Di samping itu, Top Glove juga mendapat manfaat daripada kenaikan Dolar AS dan penurunan harga bahan mentah pada separuh pertama TK2016. Harga purata nitril menurun sebanyak 6.7%, manakala harga purata latek umumnya mendatar, menurun sebanyak 0.2% berbanding TK2015. Walau bagaimanapun, selaras dengan norma industri, kami telah berkongsi keuntungan daripada kadar matawang asing dan penurunan harga bahan mentah dengan para pelanggan. Harga jualan kami juga telah dilaras semula menurun kira-kira 11.6% sepanjang tahun.

Walaupun bagaimanapun, keputusan kami terjejas oleh beberapa cabaran yang wujud di sepanjang tahun kewangan. Cabaran-cabaran ini termasuklah kenaikan kos, iaitu 2 pusingan kenaikan dalam tarif gas asli (pada 1 Januari 2016 dan sekali lagi pada 15 Julai 2016) dan kenaikan dalam gaji minimum bulanan dari RM900 kepada RM 1000 (berkuatkuasa mulai 1 Julai 2016).

Persaingan dalam segmen sarung tangan nitril juga terus dipergiat. Walaupun bagaimanapun, kami percaya bahawa selagi kami kekal cekap, kami dapat mengubah keadaan mencabar ini kepada keadaan yang positif. Peningkatan persaingan akhirnya boleh menyebabkan penggabungan industry, di mana ia akan menyebabkan persaingan semakin kurang apabila syarikat lemah dipaksa keluar dari industry, membolehkan industry menyusun semula sendiri. Selain itu, ini mewakili peluang M & A bagi kami, sementara memberi dorongan untuk peningkatan berterusan agar kami kekal relevan dan berdaya saing.

Kedudukan kewangan Top Glove kekal kukuh pada 31 Ogos 2016, di mana Kumpulan mengekalkan kunci kira-kira yang sihat serta kedudukan tunai bersih yang positif berjumlah RM 303.7 juta.

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN & PERBINCANGAN DAN ANALISIS PIHAK PENGURUS

> LETTER TO STAKEHOLDERS : BAHASA MALAYSIA VERSION (SAMB.)



Sementara itu, jumlah ekuiti pemegang saham adalah RM 1.8 billion dan aset bersih sesaham berjumlah RM1.46.

Selaras dengan komitmen dalam mewujudkan nilai pemegang saham, Lembaga Pengarah mengemukakan cadangan dividen akhir sebanyak 8.5sen, menjadikan jumlah pembayaran dividen bagi TK2016 kepada 14.5 sen, tertakluk kepada kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang pada Januari 2017. Jumlah pembayaran dividen bagi TK2016 berjumlah kira-kira RM186.1 juta, mewakili peningkatan sebanyak 26.1% dalam dividen sesaham dan bayaran nisbah dividen sebanyak 50% berbanding dengan TK2015.

Perkembangan Korporat

Demi memastikan kami dapat memenuhi permintaan sarung tangan yang semakin meningkat, Top Glove akan terus melaksanakan usaha pengembangan kapasiti tanpa dihalang oleh kebimbangan lebih bekalan sarung tangan. Pada Ogos 2016, Kumpulan telah siap sepenuhnya pengembangan Kilang 27 di Lukut pada bulan Ogos 2016, manakala pengembangan Kilang 6 di Thailand dijangka siap sepenuhnya pada bulan November 2016. Sedang dijalankan adalah pembinaan kemudahan baru, Kilang 30 (Klang), yang dijangka beroperasi menjelang April 2017, di mana pada waktu itu, Top Glove akan mempunyai sejumlah 540 talian pengeluaran dan kapasiti pengeluaran sebanyak 52.4 bilion helai sarung tangan setahun. Dengan tujuan untuk mengembangkan kapasiti pengeluarannya, Kumpulan juga baru-baru ini telah membeli kilang di Klang (Kilang 31). Fasa 1 bagi kemudahan ini dijangka akan beroperasi menjelang pertengahan tahun 2017 dan dijangka dapat menghasilkan 1.5 bilion helai sarung tangan setahun, manakala Fasa 2 (dijangka siap pada Mei 2018) akan menambah lagi 4.5 bilion helai sarung tangan dalam kapasiti pengeluarannya. Top Glove akan terus mengikuti peluang penggabungan dan pengambilalihan (M&A) yang selaras dengan perniagaan semasa, di industri yang sama atau yang berkaitan.

Top Glove juga melancarkan Skim Persaraan Swasta (PRS) pada Februari 2016, ia merupakan satu inisiatif

mesra-pekerja yang bertujuan untuk menawarkan ganjaran pulangan jangka panjang kepada para pekerja. Ini bersesuaian dengan pendekatan pelbagai cara kami bagi ganjaran saraan, yang telah merangkumi ganjaran jangka pendek, dalam bentuk insentif prestasi atau bonus; dan ganjaran jangka sederhana, seperti pemberian saham dan ESOS.

Pada 28 Jun 2016, Top Glove berjaya melengkapkan penyenaian sekundernya di Papan Utama Bursa Singapura (SGX), yang merupakan satu pencapaian yang penting bagi syarikat kami. Objektif penyenaian ini adalah untuk menambah dan meningkatkan nilai pemegang saham, di mana sekarang mereka boleh berdagang saham Top Glove sama ada di Papan Utama Bursa Singapura atau Bursa Malaysia. Penyenaian sekunder ini juga dijangka meningkatkan jangkauan pelabur Top Glove dan mempelbagaikan pelabur kami, membolehkan syarikat kami untuk memanfaatkan platform baru yang berpotensi mengumpul dana masa depan. Ia juga berfungsi untuk meningkatkan keterlihatan profil syarikat di kalangan pelabur, penganalisis dan media antarabangsa.

Selaras dengan syarat-syarat penyenaian sekunder kami di Papan Utama Bursa Singapura, Top Glove telah melantik seorang rakyat Singapura Encik Tay Seong Chee Simon sebagai Pengarah Bebas Bukan Eksekutif kepada Lembaga Pengarah.

Demi menunjukkan komitmennya untuk menegakkan standard tadbir urus korporat yang tinggi, Top Glove telah dianugerahkan Top 2 *Publicly Listed Companies with Outstanding Achievement*, di majlis *ASEAN Corporate Governance Outstanding Achievement Awards* di Manila, pada tahun 2015. Kami juga merupakan pemenang anugerah bagi *Malaysia-Asean Corporate Governance Transparency Index, Findings and Recognition 2015*, meraih anugerah *Annual CG Award* dari *Minority Shareholder Watchdog Group* di bawah empat kategori iaitu *Most Improved, Long Term Value Creation (10 tahun), Diverse Board dan Industry Excellence (Manufacturing)* di majlis penyampaian di Kuala Lumpur. Pada Oktober 2015, ia juga memperolehi anugerah Frost & Sullivan sebagai syarikat sarung tangan perubatan Asia Pasifik terbaik bagi tahun 2015.



Tan Sri Dr Lim dan Encik KM Lee bergambar dengan penerima anugerah kakitangan terbaik di Majlis Makan Malam Ulangtahun dan Penghargaan 2016

Pada Disember 2015, Top Glove adalah antara 35 daripada 900 lebih syarikat awam tersenarai (PLCs) yang layak untuk dimasukkan dalam Indeks *FTSE4Good Bursa Malaysia*, disebabkan telah berjaya menunjukkan pendekatan bagi menangani risiko *Environmental, Social and Governance (ESG)* yang selaras dengan standard yang diiktiraf di peringkat global. Syarikat kami juga mendapat anugerah *Asean Business Awards Malaysia 2016 Industry Excellence Award (Rubber-based)*. Di samping itu, Pengerusi Eksekutif kami merupakan salah satu daripada lima personaliti terunggul yang dianugerahkan dengan *2016 Malaysian Leadership Excellence Award* oleh *Malaysian Institute of Management (MIM)*.

Mengekalkan Syarikat Bertanggungjawab Sosial

Inisiatif Tanggungjawab Korporat kami didorong oleh keinginan yang bersungguh-sungguh untuk membuat perubahan positif dari segi alam sekitar, pekerja, etika dan masyarakat. Ini semua merupakan bidang mustahak bagi pemegang kepentingan serta perniagaan kami dan kami percaya bahawa kejayaan perniagaan kami hanyalah mampan apabila bidang tersebut dilayan dengan bermaruah dan terhormat. Untuk mengetahui lebih lanjut mengenai usaha kami untuk beroperasi dengan cara yang bertanggungjawab dan mulia dari segi sosial, sila lihat Penyata Tanggungjawab Korporat kami di halaman 38 hingga 41.

Penyelidikan & Pembangunan (R&D) dan Kemajuan Teknologi

Penyelidikan & Pembangunan (R & D) sentiasa memainkan peranan penting di Top Glove. Inovasi yang berterusan dan aktiviti tumpuan R & D adalah penting untuk kejayaan jangka panjang bagi syarikat pembuatan global seperti Top Glove. Demi mengekalkan kedudukan unik kami sebagai “*One-Stop Complete Glove Sourcing Center*”, matlamat kami adalah untuk menawarkan pelbagai rangkaian jenis produk sarung tangan yang berkualiti tinggi serta bernilai kepada pelanggan kami bagi memenuhi permintaan kualiti produk yang semakin tinggi.

Pada tahun yang ditinjau, aktiviti R & D kami memberi tumpuan kepada penambahan rangkaian produk kami, seperti yang terbukti dalam rangkaian produk inovatif yang baru dilancarkan seperti Sarung Tangan Pembedahan *Polyisoprene* dan Sarung Tangan *Grip*. Penyelidik kami amat berkomitmen dalam mengubah idea dan konsep baru kepada produk dan proses yang berdaya maju secara komersial. Pada tahun kewangan 2016, Top Glove memfailkan sejumlah sebelas paten sebagai sebahagian daripada pengurusan harta intelek (IP) kami bagi melindungi hak cipta inovasi kami. Ciptaan kami banyak berkaitan dengan penemuan teknologi baru dalam proses pembuatan yang membolehkan kita meningkatkan kecekapan pengeluaran, mengurangkan kos dan meningkatkan kebolehpercayaan produk.

Pada 31 Ogos 2016, Pusat R&D Top Glove mempunyai 100 lebih penyelidik, peningkatan besar dari bilangan pekerja pada TK2015 yang berjumlah kira-kira 50 kakitangan, menunjukkan peningkatan kepentingan R&D

dalam perniagaan kami. Sepanjang tahun ini, inisiatif kami kekal selaras dengan prinsip dalam Dasar Kualiti kami: “Penambahbaikan dan inovasi yang berterusan adalah tugas kami”, di mana kami telah bekerjasama dengan universiti-universiti, pembekal kami dan institusi penyelidikan luar dalam pembangunan baru bagi mengurangkan cabaran dalam industri yang semakin kompetitif. Di samping memperluaskan perkhidmatan teknikal, kami juga meneruskan pelaburan dalam kemudahan R&D untuk membolehkan kami menjalankan skop ujian yang lebih luas.

Sambil maju ke fasa seterusnya dalam perkembangan R & D, tumpuan kami tetap fokus dalam mewujudkan nilai melalui penyelidikan dan pembangunan yang berterusan bagi menyokong kejayaan pelanggan kami. Kami berhasrat untuk menawarkan produk dan perkhidmatan yang terbaik kepada pelanggan di mana portfolio produk akan ditingkatkan, bagi memenuhi keperluan pelanggan yang semakin tinggi. Melangkah ke hadapan, kami menjangka untuk melihat pencapaian pembangunan yang lebih ketara dalam bidang penyelidikan dan inovasi.

Ke Arah Tahap Kejayaan Seterusnya

TK2016 merupakan satu lagi tahun yang baik dan penting kepada Top Glove kerana ia menandakan 25 tahun Top Glove telah menceburi perniagaan sarung tangan getah. Walau bagaimanapun, ini hanya permulaan bagi perjalanan kejayaan kami dan masih banyak lagi yang perlu kami capai pada masa depan.

Perkara yang terpenting dalam agenda korporat kami adalah meningkatkan bahagian pasaran global sarung tangan getah kami daripada 25% kepada 30%, bagi mengukuhkan lagi kedudukan kami sebagai pengeluar sarung tangan getah terbesar di dunia. Demi mencapai tujuan ini, kami cuba memikat permintaan dalam kedua-dua pasaran maju dan baru muncul dengan mengambil bahagian secara aktif dalam pameran perdagangan bagi meningkatkan asas pelanggan kami, di samping berusaha meningkatkan jualan kepada pelanggan yang sedia ada melalui produk yang lebih berkualiti dan berkecekapan dalam kosnya.

Selain itu, kami juga berusaha secara berterusan ke arah menjadi pengeluar sarung tangan nitril terbesar di dunia dan juga mencari peluang M&A untuk melengkapkan rancangan pengembangan organik kami.

Untuk membina pasukan kakitangan yang berkemampuan bagi mencapai strategi pertumbuhan tinggi Top Glove, kami telah menggubal inisiatif pengambilan, pembangunan dan pengekalan kakitangan yang mementingkan kesejahteraan mereka dan menjadikan Top Glove syarikat yang baik untuk bekerja. Ini termasuklah pakej pampasan yang kompetitif, peluang perkembangan dan pembelajaran lanjutan serta prospek kerjaya yang cerah untuk pekerja berpuas hati dan rasa terlibat dalam syarikat.

Memandang ke hadapan, semua tanda menunjukkan sekitar kami amat berdaya saing dan mencabar. Walau bagaimanapun, kesukaran sentiasa membawa keluar

PERUTUSAN KEPADA PIHAK BERKEPENTINGAN & PERBINCANGAN DAN ANALISIS PIHAK PENGURUS

> LETTER TO STAKEHOLDERS : BAHASA MALAYSIA VERSION (SAMB.)



yang terbaik dalam Top Glove, menggalakkan kami untuk bekerja lebih rajin, lebih cepat dan lebih bijak untuk mengenal pasti penyelesaian yang kreatif. Kami tetap yakin terhadap potensi industri kami, serta kebolehan kami untuk mengatasi keadaan yang tidak menggalakkan kerana kami terus berpegang teguh kepada Garis Perniagaan Top Glove **Untuk menghasilkan sarung tangan berkualiti tinggi secara konsisten pada kos rendah and cekap.**

Penghargaan

Para pekerja dan pemimpin di Top Glove telah memainkan peranan yang unik untuk membolehkan kami menyampaikan keputusan TK2016 yang cemerlang ini serta membawa kepada kejayaan kita hari ini.

Kami ingin merakamkan penghargaan ikhlas kami kepada para pemimpin dan dedikasi yang berpandangan jauh dan para pekerja yang bekerja keras dalam menegakkan wawasan kami dan prestasi yang baik tahun demi tahun.

Kami ingin mengucapkan ribuan terima kasih kepada para pemegang saham, pelanggan, pembekal dan rakan perniagaan di atas sokongan dan keyakinan yang kukuh dalam Kumpulan selama ini. Kami tidak mengambil mudah akan kejayaan ini dan berkomitmen dalam memikirkan cara untuk menjadikan perkongsian kami lebih bermanfaat dan bermakna.

Akhir sekali, kami juga ingin mengucapkan ribuan terima kasih kepada ahli lembaga pengarah bagi panduan berwawasan mereka yang telah membimbing Kumpulan menjadi organisasi yang lebih kukuh dan lebih baik. Kami juga ingin mengambil kesempatan ini untuk mengalu-alukan ahli lembaga terbaru kami, Encik Tay Seong Chee Simon. Penyertaan beliau akan memperkayakan kepelbagaian ahli lembaga pengarah dan kami yakin pengalaman beliau akan membantu mengemudi syarikat ke hadapan.

Kami berbangga dapat bekerjasama dengan individu-individu hebat di Top Glove dalam membina asas yang kukuh bagi pembangunan kami yang seterusnya.

Terima Kasih.

TAN SRI DR LIM WEE CHAI

Pengerusi Eksekutif
Top Glove Corporation Bhd
28 Oktober 2016

LEE KIM MEOW

Pengarah Urusan
Top Glove Corporation Bhd
28 Oktober 2016



Mesyuarat serta kunjungan berhormat ke syarikat Top Glove oleh Yang Dipertua Majlis Perbandaran Klang, Y.Bhg Dato' Haji Mohamad Yasid Bin Bidin, serta ahli-ahli jawatankuasa Majlis Perbandaran Klang

诸位权益持有人，

我们谨此代表顶级手套集团向诸位权益持有人呈报顶级手套集团截至2016年8月31日的财务年度报告。



顶级手套的董事，尊贵嘉宾和管理董事在集团的第25周年纪念及2016年答谢晚宴时的壮观阵容。

商业概述

今年是顶级手套成立25周年或称作银禧周年纪念，是件值得庆贺的事。截至2016年8月31日的财务年，集团的营业额和利润再创新高。

集团强劲的表现主要归功于多项改进计划以及经时间验证的两大成功法则，即提高产品质量及着重于成本效益。当然，美元日益走强的趋势及原材料价格下滑也成就了集团的卓越表现。同时，集团位于中国的业务持续保持盈利，并对集团作出正面的贡献。

由于传染病的爆发如严重急性呼吸系统综合症（SARS）、H1N1疫情、禽流感以及不久前的兹卡病毒（ZIKA virus）也提高了医疗界对个人防护装备的重视。这对集团的业务带来正面的影响。

然而，今年手套行业的竞争持续加强，尤其各大手套业者陆续增加了丁腈手套的生产量，导致商业环境竞争日益激烈。与此同时，液化天然气价格和电费调涨以及外劳最低工资标准使营运环境更具挑战性。

集团仍然对逆境保持警惕，也着重于所有我们能掌控的因素如通过自动化，电脑化和技术改良等等项目，势必加强品质和成本效率，为求集团全年维持稳定的表现。

由于手套是医疗行业不可或缺的物品，无论行情好坏，

手套的全球需求量都以每年平均6至8%的幅度持续增长，其他因素如卫生标准的提高、医疗行业意识的提升到人口老化不断增加并且需要更多的医疗照顾以及世界各地卫生部要求使用手套的规定逐渐严格，也继续带动手套行业。

创历史新高的年份

与2015财务年相比，2016财务年的营业额增长了16%至马币29亿，并创下史上最高的营业额。同时，税前盈利上升了21.8%至马币4亿4260万，净利润则上升了29%至马币3亿6280万。

虽然手套行业面临市场激烈的竞争和价格压力的挑战，然而集团的手套销售量仍创下史无前例的最高纪录。与2015财务年相比，销售量增长了11%，主要是发达国家尤其美国和欧洲的市场要求增加，丁腈手套销售额增长了30%，销售额占据了2016财务全年和2016财务年第4季度的总销售额的32%，合共为34%。在过往的7年（2011至2016）里，丁腈手套销售量激增了861%。此外，集团持续进军新兴市场，因此天然乳胶手套销售量也持续稳步上升。

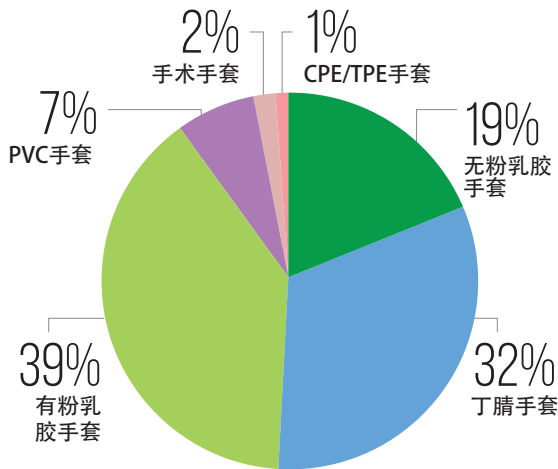
我们专注生产丁腈手套以符合市场趋势，同时，我们也继续保持多元化的产品，以减少对任何手套过度依赖和减轻原材料价格上涨所带来的影响，并且能满足发达国家和新兴市场不同的需求。

致权益持有人及管理层讨论与分析的信函

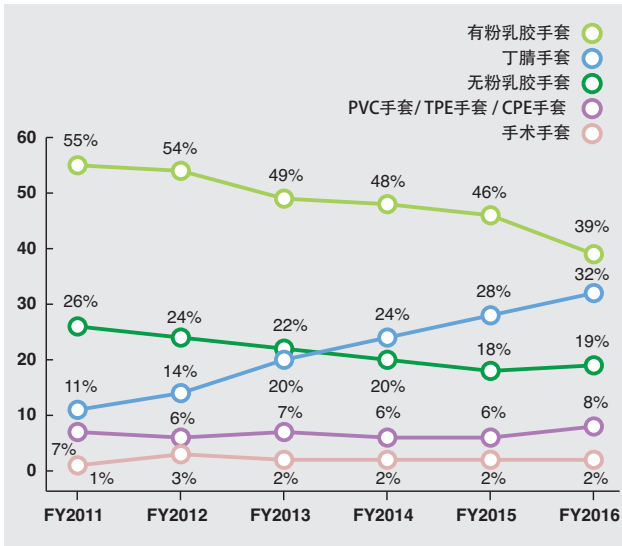
> LETTER TO STAKEHOLDERS : MANDARIN VERSION (继续)

在2016财年，我们的销售产品分类分析描述如下：

2016财年销售产品分类

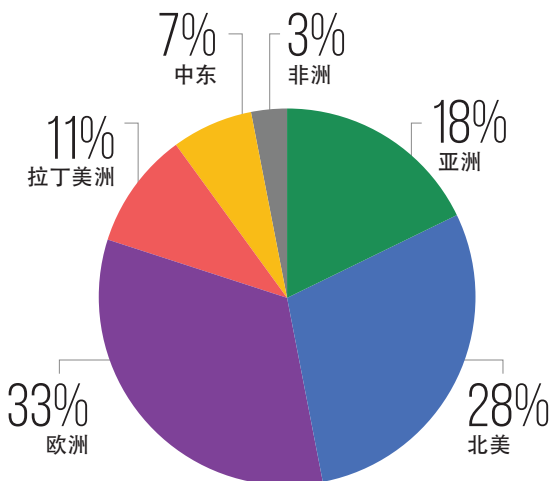


年度销售产品分类



在2016财年，根据地理分布的销售产品分类分析描述如下：

2016财年营业额分析



集团的强劲表现主要是不断地实施内部质量改进并在手套生产过程中实施了几项加强措施。这些包括：

- 缩短停机时间计划**
适当的停机时间计划和使用寿命较长的零件以增加生产线使用率等等措施。
- 增加自动化机器**
我们将继续采用自动化取代生产过程中如配料、准备化学料物和包装所耗用的人力资源。
- 全面实施SCADA系统**
全线采用SCADA系统，自动化生产线的监控和控制，从而提高数据的准确性和可追溯性。
- 高效加热系统**
全面提升陈旧和效率较低的燃烧器至具有安全特性和效率更高的燃烧器。
- 替代水源计划**
我们继续寻找替代水源如地下水和地表水，并通过我们专有的处理系统加以处理，并于手套生产过程中使用。
- 节能工程**
我们采用最新科技空气压缩机和热能回收机、良好的烘箱保温和优化压缩空气以减少能源消耗及不必要的浪费。
- 改良机械手臂**
如今，生产线设有良好脱模能力的崭新和改良式机械手臂，从而提高我们的手套品质。
- 改进自动化手套包装过程**
现有的自动化手套包装过程具有更好的分层，使手套更有效地进行包装和分配。

为了提高手套品质，集团的研究与发展部也推出了几项改进方案并正在申请专利。这些改进包括提高手模的功能和设计，以及品质控制和自动化系统。此外，我们还对输送带和各种生产线零件加以改进，从而提高生产效率。

除此之外，我们还投资于一家手模具工厂。这将供给我们更高质量的手模并且缩短交货期和降低成本。这也使我们能够量身订造手套以满足客户的要求。

与此同时，集团也有计划开启化学品工厂，预计将能供应每月650吨的化学品给位于马来西亚的工厂。此项计划预计2017年第二季能投入营运，该设施将减低化学成本，保护我们独特的手套配方，以及让研究与发展部研发出更高品质的手套。

此外，集团也从美元走强和原材料价格下降中获益。与2015财年相比，丁腈平均价格下跌6.7%，而乳胶平均价格整体持平，稍跌了0.2%。集团更与客户共享汇率收益和原材料价格降低的节省，我们的销售价格全年下调约11.6%。

然而，这个财年所面对的几项竞争也影响了我们的业绩。这其中包含成本上涨，即天然气价格于2016年1月1日和2016年7月15日上涨，以及从2016年7月1日起，每月最低薪金制从马币900上调至马币1000。

丁腈手套的竞争日益加强。然而，我们坚信只要我们保持精益求精和高效率的态度，就能扭转乾坤获得正面突



F15第二届拔河比赛



顶级手套（兴化）2016年新年开发区组织的长跑活动

破。日益激烈的竞争最终使竞争较弱的商家逐渐退出市场，让业界得以重新调整。

截至2016年8月31日，顶级手套维持马币3亿370万的净现金，同时也保持健康的资产负债表。

总股东权益为马币18亿，每股净资产为马币1.46。

为了实现对股东的承诺，顶级手套集团的董事会建议派发每股8.5仙终期股息，2016财务年的总派息为14.5仙。此建议将在2017年1月召开的股东常年大会中提呈与批准。与2015财务年相比，每股股息增长了26.1%，派息比率则为50%。

企业发展

为了确保集团能充分的准备好面对未来持续增长的全球手套需求，顶级手套集团将继续以高品质的产量扩充，因为我们相信手套市场供过于求的现象将逐渐软化。集团位于波德申芦骨第27厂的扩充计划于2016年8月完成，位于泰国第6厂的扩充计划也将在2016年11月完成。位于巴生的新工厂（第30厂）正如火如荼地建造中，并预计在2017年4月开始营运。届时，集团的生产线将增加至540条和每年生产524亿只手套。为了扩展手套的年总产量，集团收购了位于巴生的一家工厂，命名为第31厂。第31厂的第一阶段预计在2017年中期投入营运并每年生产15亿只手套，而第二阶段预计将在2018年5月完成并且提高产能至45亿只手套。集团会持续对任何有潜力且与手套行业有关的公司和工厂寻求并购机会。

顶级手套在2016年2月实施了私人退休金计划（PRS），目的是给予员工长期的回报。这符合了我们对员工多管齐下的奖励措施，包括以绩效奖金或奖金的短期奖励形式和中期回报如股份授予和雇员认购股权（ESOS）。

此外，在2016年6月28日，顶级手套集团成功在新加坡证券交易所的主板第二上市，也是集团迈向另一个里程碑。正如公司的目标，此上市为集团的股东和利益相关者增值，并且能够在新加坡证券交易所或马来西亚交易所进行顶级手套的股票交易。通过第二上市，集团有望扩展公司的投资范围和吸引更多多元化的投资者，助公司开拓具有潜质的集资新平台。此举也有助于提高公司在国际投资者、分析家和媒体之间的知名度。

为了符合我们在新加坡交易所上市后的指标，顶级手套委任了一名来自新加坡的新董事，戴尚志先生加入董事会。

在2015年，为了表彰顶级手套支持并优先执行最高规格的企业管理模式，集团于马尼拉的东盟公司治理杰出成就奖中获颁 *Top 2 Publicly Listed Companies with Outstanding Achievement*。集团也在吉隆坡所举办的 *Malaysia-Asean Corporate Governance Transparency Index, Findings and Recognition 2015* 赢得了小股东权益监督机构（MSWG）的4个奖项

包括：*Most Improve, Long Term Value Creation (10 years)*, *Diverse Board* 和 *Industry Excellence (Manufacturing)*。在2015年10月，集团也囊括了“Frost & Sullivan公司2015年亚太区医疗手套年度公司”的奖项。

在2015年12月，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，因而成功从900家上市公司中脱颖而出并成为35家之一拥有列入富时大马的资格。集团也在2016年大马东盟商业奖上荣获了令人称美的行业卓越奖（以乳胶为基础），而我们的执行主席是五个杰出人士之一，并荣获由马来西亚管理学院（MIM）颁发的2016马来西亚卓越领导大奖。

维持企业的社会责任

集团的企业社会责任着重在四个关键领域：环境，员工，道德标准和社会，这都是权益持有人所关注的，更是使我们的业务继续取得成功的关键。

欲知更多有关集团的企业社会责任活动，请参阅第38页至41页的持续发展报告。

科技研发的进步

研究与发展（R&D）在顶级手套一直扮演着举足轻重的角色。不断创新和专注在研发活动是顶级手套身为全球制造行业成功的关键。为了使集团持续成为一站式手套采购中心，集团旨在为客户提供高品质和增值的手套以满足客户对我们的期望。

回顾这一年，集团的研发活动着重于提高产品的选择，从我们推出的创新产品系列中的PI外科手套和防滑耐磨手套尤为明显。我们的研发人员也积极地将创新思想和理念融入产品和制作过程当中。在2016财务年，顶级手套总共申请了11项专利作为集团的知识产权（IP）管理，以保障我们的发明权益。这些发明主要围绕在制造过程中的技术突破，使我们能够提高生产效率、降低成本和提高产品的可靠性。

截至2016年8月31日，顶级手套研发中心的研究人员已从2015年约50名增加至100多名，证明了企业研发对本集团的重要性。在过去的一年，我们与各大大学、供应商及第三方研究机构合作并遵守我们的质量方针：“持续改进和创新是我们的职责”以缓解手套行业日趋激烈的竞争。我们也将继续投资在研发先进的设施、扩大技术服务以迎合较广的测试范围。

当我们踏入研发的另一个阶段，我们将继续通过创新、研究和开发卓越的产品以助我们的客户取得成功。我们的目的是为客户提供最好的产品和服务，以应付客户日益增长的需求。未来，我们期望研发和创新方面有更显著的突破。

致权益持有人及管理层讨论与分析的信函

> LETTER TO STAKEHOLDERS : MANDARIN VERSION (继续)

TOP GLOVE
TOP QUALITY, TOP EFFICIENCY

迈向成功的阶段

2016财务年是顶级手套的丰收年以及标记集团在乳胶手套行业已有25年。然而，这只是集团迈向成功的开始。未来，我们也致力于实现更远的目标。

集团的首要任务仍然是把手套的全球市场份额从25%增加至30%，进一步巩固我们成为全球最大的乳胶手套制造商的地位。为此，我们也不断开拓发达国家和新兴市场的需求，通过参与行业展览来扩大我们的客户群，同时也加倍努力以更高品质和成本效率的产品来提升销售额。

此外，我们也逐步地迈向全球最大丁腈手套制造商的地位，并积极寻求任何有潜力且与手套行业有关的公司和工厂寻求并购机会。

要建立一个成功的团队以应付我们迅速成长的趋势，我们不断地进行招聘、培养及保留合适的人才，并注重员工福利，让顶级手套集团成为一个优越的工作地方。我们提供优厚的薪酬福利，学习机会和良好的发展前景，致力成为雇员首选的雇主，让优秀的人才乐意与我们一起工作及奋斗。

现今的种种迹象都显示一个充满竞争性和挑战性的形势。然而，逆境总是为顶级手套带来优势，它推动我们加倍努力工作，更快速，和更精明地找出富有创意的解决方案。我们仍然对手套行业的潜力充满信心并坚信我们能克服种种挑战以及在逆境中变得更加强大！因为我们将继续秉承集团的商业方针：持续生产高品质，高效率及低成本手套。

鸣谢

顶级手套2016财务年卓越的业绩归功于每位员工扮演着不同的角色而造就了今天的成功。

我们也衷心感谢富有远见的管理层和勤奋的员工所带来的贡献和良好的业绩。

我们也衷心感谢全体股东、客户、供应商和商业伙伴们给予本集团无限的支持与信任。我们并没有视成功为理所当然，我们力求成为有价值 and 值得信赖的合作伙伴。

最后，我们也衷心感谢董事会的悉心指导和远见卓识，让我们持续提供卓越的表现。同时借此机会欢迎我们的新任董事，戴尚志先生，他丰富的经验和专长将带领公司向迈向成功。

我们很荣幸与有才干的人一起工作，为接下来的成就打下稳定的基础。

谢谢。

丹斯里林伟才博士

执行主席
顶级手套集团
2016年10月28日

李金谋

董事经理
顶级手套集团
2016年10月28日



集团于2016年9月的年度聚会期间在怡保曦云轩所拍摄的合影。

“WE ARE WHOLLY COMMITTED TO SUSTAINABLE GROWTH AND TAKE PRIDE IN DOING BUSINESS IN A WAY WHICH IS ETHICALLY, SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE”.

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

A SUSTAINABLE APPROACH

As a business, we recognize our responsibility to do well and do right by our stakeholders, which extend beyond our shareholders and customers, to include the wider community in which we operate. With a view to embedding sustainability in the way we work, our multi-faceted CR initiatives are aimed at adding and creating value across the 4 pillars of environment, employees, ethics and community.

ENVIRONMENT

We remain mindful of our duty to safeguard the environment and are committed to minimize impacts arising from our daily operations, by establishing the following:

Environmental Policy

Our Environmental Policy articulates our commitment to comply with or exceed all legal and regulatory requirements of the Environmental Management System. Amongst the key initiatives advocated are the proactive prevention of environmental pollution and the promotion of environmental awareness through employee training. This is achieved by setting objectives and targets that aggressively promote the practice of 5Rs (Refuse, Reduce, Reuse, Repair and Recycle). It also integrates consideration of environmental aspects and impacts into our decision-making and activities.



Dato' Misbun Sidek, a professional Malaysian badminton player and coach, presenting prizes to Tan Sri Dr Lim and Lim Jin Feng, for emerging first runners-up under the men's doubles category during one of Top Glove's regular sports tournaments

Environmental Management System (EMS)

Top Glove adopts the ISO 9001: 2008 Quality Management Systems - Requirements, FDA Quality System Regulation (21 CFR Part 820 Medical Devices) (Current Good Manufacturing Practice-CGMP) and ISO 14001: 2004 as the standard for our Environmental Management System.

Our Environmental Management System has been carefully established, based on the nature of our organization, complexity and interaction of the processes and competence of our personnel. Additionally, several factories have been certified with the ISO 14001, which provides a framework for conducting business in an environmentally responsible manner.

Fuel, Energy and Resources Efficiency

Reducing the usage and exhaustion of non-renewable resources is an ongoing endeavor. Our efforts in this important area include employing the use of renewable sources of energy like biomass to power our factories, as well as heat exchangers for the recovery of heat energy.

Minimizing Fuel Consumption

Towards more efficient inter-factory movement and minimizing fuel consumption, our manufacturing facilities in Klang are strategically located within 500 meters of each other, while worker accommodation is also sited within walking distance. Video-conferencing facilities are available for all multi-location meetings thereby reducing the need to commute for outstation staff.

Water Efficiency Initiatives

Water is essential to several stages of the glove manufacturing process and its conservation is a foremost priority, given the recurrence of water shortage. To ensure our water supply remains uninterrupted, consumption is minimized by adopting the 5Rs. Additionally, recycled water is used for toilet flushing and housekeeping, while all factories are fitted with rainwater harvesting tanks.

Rainwater is also collected in water ponds, treated then reused in factories, while tube wells are being dug in order to extract water from the ground. More recently, Top Glove also embarked on a multi-phased project to commission a water purification system (RO water

treatment) which involves recycling water from a nearby river. A total of RM6.5 million has been committed for Phase 1 alone.

Sound Waste Management Practices

All solid waste is segregated into scrap metal, paper, plastic, wood pallets, containers and other recyclables for recycling and reuse. Our rubber waste is sent to government certified companies for purposes of recycling, rather than being disposed as scheduled waste in secured landfills. Awareness programs such as 5R-themed fashion shows are also held to encourage recycling among staff and workers.

Environmental Facilities and Improvement

Each factory has up to RM2 million earmarked for the setting up of environmental facilities such as IETS (Industrial Effluent Treatment System), scrubbers and dust collectors. Our wastewater treatment facility is also continuously upgraded with the latest technologies towards minimizing final waste/sludge discharge to the environment, such as dissolved air flotation (DAF) and sludge decanters. Also in progress are initiatives towards more auto-controls, like auto chemical dosing and carbon filter auto backwash.

Additional Initiatives

Our corporate office Top Glove Tower, which was completed in 2015, is a Grade A and Green Building Index (GBI) certified Gold office building. It comes fitted with high performance glazing, rain water harvesting, an efficient chiller plant system design and LED lights for optimum energy and water efficiency.

EMPLOYEES

Our people are the lifeblood of our organization. As a socially responsible employer, every effort is made to create a working environment which is conducive to the nurture and development of our 10,000-strong workforce.

Talent Recruitment and Attraction

We hire well-rounded talents locally and provide opportunities for these future leaders to flourish and contribute positively within the Group. Our emphasis is on creating a culture which people will want to be part of and at Top Glove, we endeavor to build:

- A culture that practices its values
- A culture of appreciation and recognition
- A culture that is functional and communicative

Continuous efforts in promoting our strong culture and strong employment brand is ongoing and well-engrained in the recruitment process. Over the course of FY2016, our strong employer brand achieved significant milestones which include improved application rates for fresh graduates and internship programs, a broader talent pool arising from our active participation in career



Certificates and book vouchers are presented to employees' children at the Top Glove Academic Excellence Awards 2016

fairs as well as increased student engagements via motivation talks, career development seminars and other brand awareness activities.

Learning and Development

The culture of continuous learning and development continues to thrive at Top Glove, in line with our motto *Must Know, Must Do and Must Teach*. Accordingly, enhancing technical skills, internal quality audits, safety and health, as well as soft skills comprised the focal areas of our 2016 training calendar. In addition to formal training, there are also opportunities for knowledge transfer through sharing sessions, group discussions and cross-functional learning. Our training platform includes self-development, book reading activities, leadership talks and educational/inspirational movie screenings on Saturdays.

Towards developing our next generation of leaders, we organized our first Top Glove Youth Leadership Summit (TGYLS), exclusively for our younger employees in FY2016. Themed "Our goals. Our voice. Our future", the summit served as a platform for top performing youth and future leaders to identify areas for improvement and brainstorm for creative solutions.

Top Glove also places strong emphasis on its onboarding program, the Top Glove Welcome Aboard Program (TGWAP), which ensures new staff settle in well to their new environment. New joiners are also mentored by their superiors, creating a highly engaging environment which helps increase productivity and improve retention.

Performance Management and Reward

Our robust Performance Management System (PMS) ties the performance of each employee to the organization's overarching direction and business goals, while holistically assessing employee performance. As such, Performance Incentives (PI), annual increments and promotions are awarded based on fulfilment of Key Performance Indicators (KPI), Competencies and Other Contributions, as well as their disciplinary scores, ensuring a fair reward system based on meritocracy.



All pumped up and ready to run for a good cause at The Edge Kuala Lumpur Rat Race 2016

To enhance their compensation and benefits program, the management has also offered annual share grants for staff since 2015. Eligible staff also received a Private Retirement Scheme (PRS) contribution, as an additional long-term reward for good performance.

Health Programmes

To enhance employee health awareness and knowledge, a total of 11 wellness programs were conducted by our resident nutritionists and external healthcare specialists in FY2016. The diverse range of topics covered included oral and vision health, nasopharyngeal cancer, stress management at the workplace, general health and personal hygiene, combating obesity, eating right for mothers and babies, calorie intake and cholesterol level management, as well as exercise.

Top Glove also collaborated with external parties to organize a health fair, during which employees were able to learn more about bone density, body composition, blood pressure, vision and skincare.

Our strategies to help keep our employees' weight in check include a quarterly measurement of Body Mass Index (BMI) and discussion on nutrition, where necessary. Our yearly weight loss challenge *Top 10 Weight Challengers* was once again conducted to reward our employees' efforts towards healthy weight loss. In addition, employees also have free access to our company gym Top Healthy Fitness, which offers fitness classes such as Yoga, Muay Thai, Body Sculpt, Zumba, and Spinning.

Promoting Diversity

Top Glove believes there is strength in diversity and we are privileged to draw on the talents of a varied workforce which is well-represented in terms of age, gender and ethnicity.

As at September 2016, 54% of the company's total staffcount comprised women, while nearly 56% of the managerial staff were female. Presently, 25% of Top Glove board members are female and we are steadily

working towards achieving the target of 30% female representation at Board level as outlined in the government guideline, and will ensure a sufficient number of female candidates are included in the pool of those evaluated for new appointments.

Compliance with Human Rights

As a socially responsible employer, Top Glove is compliant with requirements of local labour laws and ensures adequate measures are in place to protect the safety and well-being of its people in the following areas:

- a) **Minimum Wage:** Top Glove fully complies with the Minimum Wages Order 2016 and has revised the monthly basic salary for employees with a basic salary of below RM 1,000 accordingly, effective 1st July 2016. The reduction of not more than 30% of the minimum wage rate for probationers under the Minimum Wage Order 2012 has also been revoked.
- b) **Freely Chosen Employment:** Top Glove does not under any circumstances use forced (working under threat of penalty), bonded, indentured (forced to work to pay off debt) or involuntary prison labor. We have also taken steps to ensure the prevention of slavery and human trafficking within our workforce.
- c) **No Underaged Employees:** All Top Glove employees meet the minimum age requirement set by local laws, with persons under the age of 18 not being employed in departments that deal directly with hazardous chemicals in accordance with local laws.
- d) **Anti-Discrimination (Humane treatment):** Top Glove has zero-tolerance for unlawful discrimination based on race, colour, religion, national origin, age, disability, sexual orientation, gender identity, marital status (including pregnancy), family responsibility and social background. This extends to harsh and inhumane treatment or the threat thereof, which includes sexual harassment, sexual abuse, corporal punishment, slavery, mental or physical coercion or verbal abuse of employees.
- e) **Sexual Harassment:** Top Glove is committed to ensuring that every employee is treated with respect and dignity, and our policy is developed with a view to preventing harassment in the workplace, as well as educating our employees to recognize its occurrence.
- f) **Workplace Health and Safety:** The promotion of Occupational Safety & Health (OSH) is a shared objective between the management and employees at all levels. As far as practicable, Top Glove aims to prevent illness, injury and property damage, and to protect employees from foreseeable occupational hazards. Where necessary, employees are provided safety equipment as appropriate to the work being performed.

SUSTAINABILITY STATEMENT

(CONT'D)



The company also provides ready access to clean toilet facilities, potable water and hygienic food preparation, storage and eating facilities. Dormitories are well-maintained, clean and safe with adequate ventilation. Procedures and systems are also in place to manage, track and report occupational injury and illness, while emergency response procedures have been established as well.

- g) **Grievance Procedure:** Where warranted, an employee may bring to the HR Manager's attention any grievance encountered for purposes of resolution.

ETHICS

At Top Glove, our company's Business Ethics *Honesty, Integrity and Transparency* are integrated into our corporate culture. We are wholly committed to upholding the highest standards of ethical conduct in all aspects of our business and encourage our business partners throughout the value chain, to do the same.

In 2009, the Top Glove Prevention and Anti-Corruption Committee (TGPAC) was established to ensure the conduct of ethical business interactions with business partners as well as the Government. It also serves to educate Top Glove employees on forms and consequences of corruption, while instilling an anti-corruption mindset amongst them. Additionally, a Whistle-Blowing Policy has also been adopted, which provides an avenue for Top Glove's employees and the public to lodge complaints of any corrupt practices within the company in confidence and without fear of reprisal.

Top Glove ensures that a CTOS check is conducted on all business associates to ascertain that they have good credit standing and at the same time, safeguard the company against financial risks. As an additional precaution, an SSM search is also performed. All suppliers, business associates and tenants who have financial dealings with Top Glove are also required to sign a letter of enforcement every six months to reaffirm their adherence to our practice of non-corruption. We have also established a "No Gift" policy which is clearly communicated to our suppliers, customers and bankers.

Top Glove was also among the first to sign the *Corporate Integrity Pledge and Anti-Corruption Principles for Corporations*, an initiative by the Malaysian government in March 2011. Internally, in March 2016, we invited YB Senator Datuk Low Seng Kuan, Minister in the Prime Minister's Department in charge of Governance, Integrity and Human Rights to deliver a talk entitled "Malaysia Government Anti-Corruption Initiatives" in conjunction with Top Glove's Anti-Corruption Day. YB Senator Datuk Paul Low also witnessed the presentation of the Top Glove Management Integrity Pledge, which once again reiterates Top Glove's stand on anti-corruption and integrity. Additionally, Top Glove employees are required to sign a pledge every year to vouch that they will not

condone or be involved in any corrupt practices, as well. Every one of our 10,000 employees has for the past 10 years, also worn a prevention and anti-corruption badge in allegiance to our good values.



Top Glove Foundation brings festive cheer to the Love and Care Charitable Association Selangor during Chinese New Year 2016

COMMUNITY

Our community outreach program encompasses scholarships and donations to charitable organizations, healthcare-related groups, religious associations, schools and universities, for which Top Glove Foundation contributed a total of RM2.45 Million in FY2016.

To date, Top Glove Foundation has awarded 34 scholarships to students pursuing law, engineering, medicine, dentistry, science, accounting, business administration and economics degrees at local public universities. Since 2010, Top Glove has together with the Malaysian Rubber Export Promotion Council (MREPC), also co-sponsored 10 students to pursue their tertiary education in local public universities.

Staples on Top Glove's CSR calendar include annual visits to various homes in Klang during festive seasons like Hari Raya, Chinese New Year, Deepavali and Christmas, during which donations in cash and kind are given out. We also run a blood donation campaign on a yearly basis in addition to participating in raising funds for school redevelopment and facility improvement projects.

Further adding value to the community, Top Glove also performs repair and maintenance works for roads and drainage; and arranges for garbage collection within the vicinity of its factories, for which some RM760,000 was invested in FY2016 alone.

STEPPING UP TO SUSTAINABILITY

With each passing year, we strive to undertake more activities which reflect our long term commitment to the well-being of the wider community. As with our business performance, we are also raising the bar for our sustainability initiatives and will continue to improve in the way we implement responsible business practices in and across the full spectrum of our business operations.

2016

NOVEMBER, 14

Issuance of Annual Report 2016

DECEMBER (3RD WEEK)

Unaudited consolidated results
for the 1st quarter ending 30 November 2016

1ST
QUARTER
FY2017

2017

JANUARY, 5

18th Annual General Meeting
Time : 11.30 a.m.
Venue : Top Glove Tower

AGM

Proposed Final Dividend of 8.5 sen
Entitlement Date : 10 January 2017
Payment Date : 23 January 2017

MARCH (3RD WEEK)

Unaudited consolidated results
for the 2nd quarter ending 28 February 2017

2ND
QUARTER
FY2017

JUNE (3RD WEEK)

Unaudited consolidated results
for the 3rd quarter ending 31 May 2017

3RD
QUARTER
FY2017

OCTOBER (2ND WEEK)

Unaudited consolidated results
for the 4th quarter and financial year ending
31 August 2017

4TH
QUARTER
FY2017

DECEMBER (3RD WEEK)

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

1ST
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 keunggulan.



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
 ผู้นำด้านถุงมือที่พร้อมและคุณภาพดี
 เราดูเราสรรค,เราเติบโต เรามั่นคง
 เพื่อก้าวไปสู่สากล ด้วยมือเรา
 ท็อปโกลฟดีกว่าใคร เราทำงานด้วยใจ
 คุณภาพดี และบริการที่ดี
 เพื่อความไว้วางใจ เรายินดีรับใช้,
 ท็อปโกลฟนั้นใจ คุณภาพต้องที่นี่

The Board of Directors of Top Glove Corporation Bhd (“the Board”) is committed to ensuring a high standard of corporate governance is practised whilst pursuing its corporate objectives in enhancing shareholders’ value and competitiveness. The Board is mindful of 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 six (6) significant developments in Board governance and administration for Top Glove Corporation Bhd (“Top Glove or “Company”) in the financial year ended 31 August 2016 (“FY2016” or “the year”), as follows:

- (a) Secondary listing of and quotation for the entire issued and paid-up share capital of Top Glove of RM627,360,982 comprising 1,254,721,964 ordinary shares of RM0.50 each in Top Glove (“Shares”) (including 2,164,400 treasury shares) on the Main Board of the Singapore Exchange on 28 June 2016. Essentially, the said listing is aimed to widen and diversify shareholder base;
- (b) In line with the requirement of the secondary listing on the Main Board of Singapore Exchange, Top Glove has appointed a new Singaporean Independent Non-Executive Director, Mr Tay Seong Chee Simon to the Board. The appointment has enhanced the Board Diversity.
- (c) An Investment Committee was formed to provide guidance and advice to the fund investment decision of the Company;
- (d) A Related Party Transactions Policy was adopted by the Board to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treating Related Party Transaction (“RPT”) to ensure compliance with the applicable laws; and
- (e) A Remuneration Policy for Directors was formalised by the Board to structure the component parts of remuneration so as to link rewards to corporate and individual performance of the Executive Directors and to link the level of remuneration to the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.
- (f) Reduction in Plan Size of the Employee Share Grant Plan from 15% to 10% of the paid-up ordinary share capital of the Company, to decrease the maximum potential dilution to the shareholdings of the shareholders arising from the issuance of shares under the plan.

A testament to Top Glove’s commitment on corporate governance, Top Glove was ranked 24 in the Top 100 Companies with Good Disclosures and ranked 14 among the Top 100 Overall Corporate Governance Companies on Disclosures with ROE Performance in the Malaysia-ASEAN Corporate Governance Index 2015 administered by Minority Shareholder Watchdog Group.

Top Glove’s exemplary corporate governance practices have received many recognitions including the following in the FY2016:

- (a) Merit Award for Most Improved, MSWG - ASEAN Corporate Governance Award 2015
- (b) Excellence Award for Long-Term Value Creation, MSWG - ASEAN Corporate Governance Award 2015
- (c) Merit Award for Board Diversity, MSWG - ASEAN Corporate Governance Award 2015
- (d) Industry Excellence in Manufacturing, MSWG - ASEAN Corporate Governance Award 2015
- (e) Malaysia Top Two Public Listed Companies with Outstanding Achievement award, ASEAN Corporate Governance.

Top Glove is honoured to be amongst a select 35 out of over 900 public-listed companies in Malaysia, 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. 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 FY2016 outlining the application of the principles and recommendations as set out in the following guides:

- (a) Companies Act, 1965 (“CA 1965”);
- (b) Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“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”).

The Group has 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.

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:

- (a) Company Goals, Mission and Vision;
- (b) Board Governance Process;
- (c) Board and Management Relationship;
- (d) Board and Shareholders Relationship; and
- (e) 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 is accessible through the Company's website at http://www.topglove.com.my/pdf/TopGlove_BoardCharter.pdf

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 MCGG 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 FY2016, Mr Tay Seong Chee Simon, a Singaporean was appointed as INED.

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.

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 FY2016, the Board was satisfied that none of the INEDs had any relationships 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.

The Executive Directors of the Company do not serve as a director on other listed companies.

Key Information on Directors

A brief description of the background of each Director is presented on pages 8 to 15 of this Annual Report. The Directors proposed for re-election and re-appointment are stated in the Notice of Annual General Meeting ("AGM").

No alternate Director has been appointed in respect of any of the Directors, during the FY2016.

Senior Independent Non-Executive Director

Tan Sri Mohd Sidek bin Haji Hassan is the Senior INED (“SINED”) of the Board, appointed since 2014 with recommendation from 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: sidekhassan@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.

Succession Planning

The Board is responsible for reviewing candidates for key positions namely, the Executive Chairman, Managing Director, Executive & 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 <https://www.topglove.com.my/about-us/corporate-governance/SuccessionPlanningPolicy>

Ethical Standards, the Codes and Policy

The **Directors’ Code of Conduct** (“the Directors’ Code”) was adopted by the Board in September 2013.

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.

The Directors’ Code covers the principles of conflict of interest, insider dealings, integrity, compliance to law and others.

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.my/pdf/TopGlove_DirectorsCodeOfConduct.pdf

Employee’s Code of Conduct and Ethics (“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.my/pdf/TopGlove_EmployeeCodeOfEthics.pdf

The Board believed that having a **Whistle-Blowing Policy and Procedure** 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 rules or procedures 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 concerns 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 Audit Committee 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.my/pdf/TopGlove_WhistleBlowingPolicy.pdf

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 Statement can be found on pages 38 to 41 of this Annual Report.

Qualified and Competent Company Secretaries

The Board 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. These include obligations of Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. 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.

All Company Secretaries of Top Glove are persons with Chartered Secretaries qualifications and are qualified to act as chartered secretaries under Section 139A of the CA 1965. The Company Secretaries had and will constantly keep themselves abreast, through continuous training on the regulatory changes and development in corporate governance.

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 in the Boardroom but also in 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.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)



A Board Diversity Policy was adopted by the Board on 14 October 2014 to set out the principles of Top Glove to maintain a Board with a diversity of Directors.

A copy of Diversity Policy is accessible through the Company's website at http://www.topglove.com.my/pdf/TG_BoardDiversityPolicy.pdf

As for the target set out under the Corporate Governance Blueprint 2011 for women participation on Board to reach 30% by year 2016, the Board, having deliberated, on the same, decided not to set specific targets but the NC will endeavour working towards achieving the said target and shall ensure sufficient number of women candidates be included in the pool of candidates evaluated for new appointments to the Board.

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

A) Gender (data compiled as at 15 September 2016)

Category	Total Headcount	Male Employees		Female Employees	
		Headcount	%	Headcount	%
All Staff	1,903	871	45.77	1,032	54.23
Management staff (Manager & above)	268	118	44.03	150	55.97
Directors on Board	12	9	75.00	3	25.00

B) Ethnicity

Category	Total Headcount	Malay		Chinese		Indian		Others	
		Headcount	%	Headcount	%	Headcount	%	Headcount	%
All Staff	1,903	865	45.45	399	20.97	205	10.77	434	22.81
Management staff (Manager & above)	268	48	17.91	177	66.04	17	6.34	26	9.70
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	1,903	-	-	9	1	80	4	213	11	486	26	1,107	58	8	*
Management staff (Manager & above)	268	-	-	5	2	29	11	77	29	114	43	43	16	-	-
Directors on Board	12	2	17	1	8	8	67	1	8	-	-	-	-	-	-

* 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. 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** (INED) ~ Chairman
- 2) **Tan Sri Mohd Sidek Bin Haji Hassan** (SINED) ~ Member
- 3) **Dato' Lim Han Boon** (INED) ~ Member

The Board noted the CG Guide proposes SINED to chair the NC; the Board concurred that the current NC composition is effective for the Company.

Board Membership Criteria

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

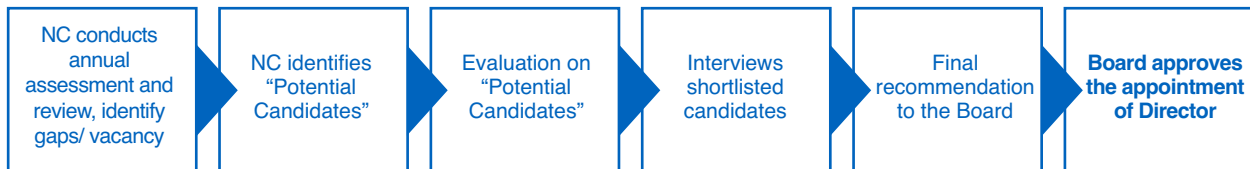
- (a) Age, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other factors which would contribute to the Board's collective skills;
- (b) Competing time commitments if the candidate has multiple board representations;
- (c) Composition requirements for the Board 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. 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 Mr Tay Seong Chee Simon on 15 June 2016, 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.

Mr Tay Seong Chee Simon has 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 & Corporate Finance, Procurement, Human Resource and Internal Audit ("IA");
- (c) Risk Management and regulatory issues and updates;
- (d) Corporate, Board and Governance Structure; and
- (e) On-site briefings on the operations of factories.

Board, Committees and Individual Director Assessment

The Board undertakes annual evaluation for the FY2016 via an Online Assessment System to review their own performance, the effectiveness of the Board as a whole, the contribution of each individual Directors, independency of INED and the Board's mix and skillset.

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 & Peer Assessments, the assessment criteria has included Board interaction and contribution, quality of input to the Board, Directors' calibre and personality.

As for AC, an effectiveness evaluation as a whole and member self and peers' evaluation, IA function and the External Auditors performance and independence, were assessed. The assessment criteria has 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 Auditor.

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 Articles of Association of the Company at the forthcoming AGM are Tan Sri Dr Lim Wee Chai, Tan Sri Mohd Sidek Bin Haji Hassan and Mr Lim Cheong Guan. Their profiles are set out on pages 8, 10 and 13 of this Annual Report.

Mr Tay Seong Chee Simon is due for re-election by rotation pursuant to Article 100 of the Articles of Association of the Company at the forthcoming AGM. His profile is set out on page 15 of this Annual Report.

Pursuant to Section 129 of the CA 1965, Directors who have attained or are over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the CA 1965 at the forthcoming AGM are Tan Sri Dato' Seri Utama Arshad Bin Ayub and Tan Sri Rainer Althoff. Their profiles are set out on pages 9 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 apart from what is prescribed under Section 129 of the CA 1965.

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 FY2016, the NC met two (2) 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 the appointment of new Director;
- (c) Reviewed the NC terms of reference;
- (d) Reviewed the term of office and performance of the AC;
- (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 FY2016, the RC met one (1) time and resolved the following key activities:

- (a) Discussed and recommended to the Board the proposed Directors' Fee and Committees' Fee for the FY2016, benchmarked with the industry survey;
- (b) Reviewed the meeting allowance provided to Non-Executive Directors; and
- (c) Reviewed and recommended to the Board for approval the remuneration packages for Executive Directors and senior management team.

Directors' Remuneration

A Remuneration Policy was adopted by the Board in October 2015. The Remuneration Policy was adopted to link the level of remuneration to the experience and level of responsibilities undertaken by a Non-Executive Director 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 Indicator 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 any meeting allowances 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 page 80 under the Directors' Report of the Audited Financial Statements for the FY2016.

The Non-Executive Directors are entitled to receive meeting allowances for the Board and Board Committee meetings they attend but are not entitled to participate in the ESOS and ESGP.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)



The details of the Directors' remuneration comprising remuneration received/ receivable from the Company and subsidiaries respectively in FY2016 are as follows:

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

(i) Received from Top Glove Corporation Bhd

	Salaries RM'000	Fees RM'000	Bonus RM'000	Share Grant RM'000	Other emolument	Benefit-in-kind RM'000	Total RM'000
Executive Directors	2,302	953	433	213	-	47	3,948
Non-Executive Directors	-	469	-	-	74	-	543

(ii) Received on Group Basis

	Salaries RM'000	Fees RM'000	Bonus RM'000	Share Grant RM'000	Other emolument	Benefit-in-kind RM'000	Total RM'000
Executive Directors	3,651	953	540	259	-	96	5,499
Non-Executive Directors	-	469	-	-	74	-	543

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

(i) Received from Top Glove Corporation Bhd

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM1 to RM50,000	-	1
RM50,001 to RM100,000	2	5
RM100,001 to RM150,000	1	1
RM700,001 to RM750,000	1	-
RM2,950,001 to RM3,000,000	1	-

(ii) Received on Group Basis

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM1 to RM50,000	-	1
RM50,001 to RM100,000	-	5
RM100,001 to RM150,000	-	1
RM300,001 to RM350,000	1	-
RM600,001 to RM650,000	1	-
RM700,001 to RM750,000	1	-
RM800,001 to RM850,000	1	-
RM2,950,001 to RM3,000,000	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** (INED) ~ Member
- 3) **Dato’ Lim Han Boon** (INED) ~ Member
- 4) **Datuk Noripah Binti Kamso** (INED) ~ Member
- 3) **Lim Cheong Guan** (Executive Director) ~ Member

During the FY2016, the IC met two (2) times and resolved the following key activities:

- (a) Reviewed and adopted the Committee’s Terms of Reference;
- (b) Setting the criteria for bond investment;
- (c) 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
- (d) Deliberated on the global market outlook.

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
- (Wu Kin Yeap retired on 15 June 2016)

During the FY2016, no ESOS was granted to eligible employees.

Employees’ Share Grant Plan Committee

The ESGP was approved and adopted 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 FY2016, the ESGP Committee had considered and approved the award factors under the ESGP to the eligible employees of the Group.

On 15 June 2016, the Board has approved the reduction of ESGP size from 15% to 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any one time (“the Reduction of Plan Size”). The Reduction in Plan Size is to reduce the maximum number of Shares that may be issued under the ESGP and to decrease the maximum potential dilution to the shareholding of the shareholders arising from the issuance of shares under the ESGP.

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 Dato' Seri Utama Arshad Bin Ayub, whose tenure is more than nine (9) years. The NC has reviewed and recommended to the Board for Tan Sri Dato' Seri Utama Arshad Bin Ayub to continue to act as INED 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 INED 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 INED 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 FY2016, six (6) Board Meetings were held and the attendance of the Board and Committees members are as follows:

Attendance of Directors to the meetings held during FY2016

Name of Directors	Board of Directors	GM ^Ω	Board Committees				
			AC [@]	RMC [*]	NC	RC	IC ^Δ
Tan Sri Dr <u>Lim</u> Wee Chai (Executive Chairman)	6/6 (100%)	3/3 (100%)				1/1 (100%) [§]	2/2 (100%) [#]
Tan Sri Dato' Seri Utama Arshad Bin Ayub	6/6 (100%)	3/3 (100%)	8/8 (100%) [#]		2/2 (100%) [#]		2/2 (100%) [§]
Tan Sri Mohd Sidek Bin Haji Hassan	6/6 (100%)	3/3 (100%)		4/4 (100%) [#]	2/2 (100%) [§]		
Tan Sri Rainer Althoff	6/6 (100%)	1/3 (33%)		4/4 (100%) [§]			
Puan Sri Tong Siew Bee	6/6 (100%)	3/3 (100%)					
Lee Kim Meow	6/6 (100%)	3/3 (100%)		3/4 (75%) [§]			
Lim Hooi Sin	6/6 (100%)	3/3 (100%)					
Lim Cheong Guan	6/6 (100%)	3/3 (100%)		3/4 (75%) [§]			2/2 (100%) [§]
Dato' Lim Han Boon	6/6 (100%)	3/3 (100%)	8/8 (100%) [§]	4/4 (100%) [§]	2/2 (100%) [§]	1/1 (100%) [#]	2/2 (100%) [§]
Datuk Noripah Binti Kamso	6/6 (100%)	1/3 (33%)	7/8 (88%) [§]				2/2 (100%) [§]
Sharmila Sekarajasekaran	6/6 (100%)	3/3 (100%)	4/4 (100%) [§]			1/1 (100%) [§]	
Tay Seong Chee Simon (appointed as INED on 15 June 2016)	2/2 (100%)	1/1 (100%)					
Secretary	6/6 (100%)	3/3 (100%)	8/8 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)	2/2 (100%)
Total no. of Meetings :	6	3	8	4	2	1	2

Note:

: Chairman

§ : Member

Ω : General Meetings. One (1) Annual General Meeting held on 6 January 2016 and two (2) Extraordinary General Meetings held on 6 January 2016 and 15 June 2016.

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

* : Risk Management Committee

Δ : Investment Committee

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 circular 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 FY2016, some of the Board agenda items are as follows:

- (a) Quarterly Unaudited Consolidated Results;
- (b) Half-year financial performance report;
- (c) Business Plan;
- (d) Proposals and updates on investment projects;
- (e) Corporate Proposals;
- (f) Regulatory updates;
- (g) Investor relations updates;
- (h) Capital structure review and balance sheet management; and
- (i) Sustainability initiatives of the Group and reporting.

All AC members are financially literate. Dato' Lim Han Boon is a member of the Malaysian Institute of Accountants, the Chartered Management Institute, UK and fellow of the Association of Chartered Certified Accountant, UK, fulfilled the financial expertise as required 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 FY2016, 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 FY2016 is set out separately in the AC Report on pages 72 to 75 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 135 and Section 131 of the CA 1965 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 pertinent issues. Any proposals and recommendations by the Management will be deliberated and discussed by the Board before a decision is made. Minutes are prepared on all Board proceedings and will be signed by the Chairman of the meeting in accordance with the provision of Section 156 of the CA 1965. The Board will be kept updated on the Company's financial activities and operations on a regular basis.

The Notices of the Board and Committees' meetings were sent in average of thirteen (13) days prior to the meetings and had at all times, endeavour to deliver the non-financial meeting materials within six (6) days and the financial materials in average within two (2) days.

The Directors are also notified of any corporate announcements 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, Mr Tay Seong Chee Simon had completed the Mandatory Accreditation Programme in July 2016. He attended the induction programme organised by the Company Secretary to be familiarised with the Group's business and governance process. He was also familiarised with the Group's operations through briefings by the relevant Management teams.

During the FY2016, 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 changes to legal and governance practices of the Group and which affect themselves as Directors 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.

During the FY2016, all Directors had collectively or individually attended/participated in the following seminars/ forum/ conference/ training programmes:

Directors	Seminars/Forum/Conference/Training attended	Date
Tan Sri Dr <u>Lim Wee Chai</u>	• Business Leaders Dialogue with The Prime Minister of Malaysia YAB Dato' Sri Mohd Najib Tun Abdul Razak	17 September 2015
	• Forbes Global CEO Conference in Manila	12 to 14 October 2015
	• Malaysia China High Level Economic Forum	23 November 2015
	• Outlook of The World Economy by Steve Forbes, Singapore	7 December 2015
	• Global Investment Outlook by Standard Chartered Bank, Hong Kong	26 January 2016
	• Anti-Corruption Talk By YB Senator Datuk Paul Low Seng Kuan, Minister in the Prime Minister's Department & Dr Mark Lovatt, CEO of Trident Integrity	8 March 2016
	• Bank Negara Malaysia's 2015 Annual Report /Financial Stability and Payment System Report Briefing	24 March 2016
	• BNP Paribas's Global Insight 2016 Q1 & The Year Ahead	29 March 2016
	• Dialogue session with H.E. Dr. H. Susilo Bambang Yudhoyono, President of Indonesia	3 April 2016
	• UBS B: Connected Event, Lisbon, Portugal	20 & 21 May 2016
	• Bank of Singapore's Mid-Year Outlook Investing In A Turbulent World	16 June 2016
	• Stewardship Asia Roundtable, Singapore	17 August 2016
	• Board Chairman Series Part 2: Leadership Excellence from the Chair	18 August 2016
Tan Sri Dato' Seri Utama Arshad Bin Ayub	• Board Chairman Series ~ Tone from the Chair and Establishing Boundaries	15 Sept 2015
	• CG Breakfast Series with Directors ~ Future of Auditor Reporting – The Game Changer for Boardroom	21 Sept 2015
	• Ring the Bell for Gender Equality	11 March 2016

CORPORATE GOVERNANCE STATEMENT

(CONT'D)



Directors	Seminars/Forum/Conference/Training attended	Date
Tan Sri Mohd Sidek Bin Haji Hassan	• World Capital Markets Symposium	3 September 2015
	• Fortune Global Forum, San Francisco, California, USA	2 to 4 November 2015
	• Best Practices of Board Effectiveness	26 February 2016
	• Ring the Bell for Gender Equality	11 March 2016
	• 30% Club's Breakfast Meeting	29 April 2016
	• International Conference of Blue Ocean Strategy	16 & 17 August 2016
Tan Sri Rainer Althoff	• CG Breakfast Series with Directors ~ The Strategy, the Leadership, the Stakeholders and the Board	6 May 2016
	• Power Talks: "Business Series" by The Star, June Edition ~ Tan Sri Dr <u>Lim</u> Wee Chai	11 June 2016
Puan Sri Tong Siew Bee	• Anti-Corruption Talk By YB Senator Datuk Paul Low Seng Kuan, Minister in the Prime Minister's Department & Dr Mark Lovatt, CEO of Trident Integrity	8 March 2016
	• Talk given by Tan Sri Dr <u>Lim</u> Wee Chai at Southern University College Seminar 2016 in Johor on "How Top Glove Became the World's Largest Glove Manufacturer"	14 April 2016
	• 30% Club's Breakfast Meeting	29 April 2016
	• UBS B: Connected Event, Lisbon, Portugal	20 to 21 May 2016
	• Power Talks: "Business Series" by The Star, June Edition ~ Tan Sri Dr <u>Lim</u> Wee Chai	11 June 2016
	• Tzu Chi Volunteer Fellowships	11 June 2016
	• Power Breakfast : A Conversation with Paul R. Krugman	14 to 15 July 2016
Lee Kim Meow	• Talk : Nasopharyngeal Cancer by Dr Vincent Tan Eng Soon, Consultant ENT, Head and Neck Surgeon	27 October 2015
	• Talk : All About Your Eyes by Mr Kenneth Tang, Executive Director of Vision Spa	3 February 2016
	• Anti-Corruption Talk By YB Senator Datuk Paul Low Seng Kuan, Minister in the Prime Minister's Department & Dr Mark Lovatt, CEO of Trident Integrity	8 March 2016
	• Governance Week by MSWG	31 March 2016
	• Malaysia's 2 nd Round Table on Business Ethics	5 April 2016
	• Invest Malaysia KL 2016	12 & 13 April 2016
	• Power Talks: "Business Series" by The Star, June Edition ~ Tan Sri Dr <u>Lim</u> Wee Chai	11 June 2016
	• MARGMA Conference	15 July 2016
	• AMMI : Launch of Medical Device at MIDA KL	22 July 2016
	• 8 th International Rubber Glove Conference & Exhibition: Beyond Just Infection & Contamination Control	6 to 8 September 2016
Lim Hooi Sin	• 8 th International Rubber Glove Conference & Exhibition: Beyond Just Infection & Contamination Control	6 to 8 September 2016
Lim Cheong Guan	• JP Morgan Asia CEO-CFO Conference	1 & 2 September 2015
	• CG Breakfast Series with Directors ~ Future of Auditor Reporting – The Game Changer for Boardroom	2 November 2015
	• JP Morgan Asia Rising Dragons 1x1 Forum - Kuala Lumpur & Singapore	23 & 24 November 2015
	• Daiwa Investment Conference Tokyo 2016	29 February to 1 March 2016

Directors	Seminars/Forum/Conference/Training attended	Date
Lim Cheong Guan (Cont'd)	• Anti-Corruption Talk By YB Senator Datuk Paul Low Seng Kuan, Minister in the Prime Minister's Department & Dr Mark Lovatt, CEO of Trident Integrity	8 March 2016
	• HSBC Global Trade Outlook 2016	9 March 2016
	• The Invest Malaysia 2016 Leadership Think Lab	10 March 2016
	• Jefferies 2016 Malaysian Summit in London	17 to 23 March 2016
	• Ernst & Young Sustainability Reporting Briefing	8 April 2016
	• Invest Malaysia KL 2016	12 & 13 April 2016
	• Invest ASEAN 2016 Singapore	14 April 2016
	• 17 th Mizuho Global Seminar	16 to 18 May 2016
	• ASEAN C-Suite Forum 2016	1 June 2016
	• Power Talks: "Business Series" by The Star, June Edition ~ Tan Sri Dr <u>Lim</u> Wee Chai	11 June 2016
	• Invest Malaysia Tokyo	11 July 2016
	• SGX Corporate Connect Seminar - New IPOs	17 August 2016
	• SGX CEO Session on Sustainability Reporting	18 August 2016
• Spotlight on Malaysia 2016	19 to 20 August 2016	
Dato' Lim Han Boon	• Smart Sourcing Summit 2015: Globalisation Through Convergence and Transformation	17 September 2015
	• The 5 th Malaysia China Entrepreneur Conference: Advancing Modern Maritime Silk Road Building Harmonious ASEAN	7 November 2015
	• CG Breakfast Series with Directors: Board Reward & Recognition	26 November 2015
	• MSWG-ASEAN Corporate Governance Transparency Index, Findings & Recognition 2015	10 December 2015
	• Anti-Corruption Talk By YB Senator Datuk Paul Low Seng Kuan, Minister in the Prime Minister's Department & Dr Mark Lovatt, CEO of Trident Integrity	8 March 2016
	• Ring the Bell for Gender Equality	11 March 2016
	• OCBC Global Treasury Economic & Business Forum 2016	14 July 2016
	• HSBC 2016 Market Outlook: Transforming Uncertainty into Opportunity	16 August 2016
Datuk Noripah Binti Kamso	• Anti-Corruption Talk By YB Senator Datuk Paul Low Seng Kuan, Minister in the Prime Minister's Department & Dr Mark Lovatt, CEO of Trident Integrity	8 March 2016
	• 30% Club's Breakfast Meeting	29 April 2016
Sharmila Sekarajasekaran	• CG Breakfast Series with Directors ~ Board Reward & Recognition	26 Nov 2015
Tay Seong Chee Simon	• Mandatory Accreditation Programme for Directors of Public Listed Companies	13 & 14 July 2016

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 MCCG 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 FY2016 can be found on pages 72 to 75 of this Annual Report which also contain other information as required under the MCCG 2012.

The Directors' Responsibility Statement for the Audited Financial Statements of the Company is set out on page 76 of this Annual Report. The details of the Company's and Group's Financial Statements for the FY2016 can be found on pages 77 to 162 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 via the AC.

External Auditors and its Independence

The AC maintains a transparent and professional relationship with 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 eight (8) 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 (2) during FY2016 on any matters 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 statutory audit, audit-related and non-audit fees paid/payable in the FY2016 to the External Auditors are set out below:

Type of Fee	Top Glove Corporation Bhd (RM)	Top Glove Group (RM)
(a) Audit fees	118,000	288,000
(b) Non-Audit fees		
i) Due diligence audit	450,000	450,000
ii) Tax related matters	-	47,000
Total	568,000	785,000

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) **Tan Sri Mohd Sidek Bin Haji Hassan** (SINED) ~ Chairman
- 2) **Tan Sri Rainer Althoff** (INED) ~ Member
- 3) **Dato' Lim Han Boon** (INED) ~ Member
- 4) **Lee Kim Meow** (Managing Director) ~ Member
- 5) **Lim Cheong Guan** (Executive Director) ~ Member

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 Internal Audit ("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 FY2016 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 69 to 71 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 proposes to seek new Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature in this Eighteenth Annual General Meeting ("AGM") ("Proposed New Shareholders' Mandate"). The Proposed New Shareholders' Mandate, details as provided in the Circular to Shareholders dated 14 November 2016 sent together with this Annual Report, if approved by the shareholders, would be valid until the conclusion of the Company's next AGM.

Significant RPT of the Group for the FY2016 are set out on page 149 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.my/index.php/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.my/index.php/investor-relations/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 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 most timely 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 are as follows:

• JP Morgan Asia CEO-CFO Conference	September 2015
• Daiwa Capital Markets	September 2015
• UBS ASEAN Corporate Day 2015	September 2015
• Macquarie Roadshow	November 2015
• JP Morgan Asia Rising Dragons 1x1 Forum - Kuala Lumpur & Singapore	November 2015
• Daiwa Investment Conference Hong Kong 2015	November 2015
• EquitiesTracker Briefing Session	December 2015
• Pulse of Asia - Singapore	January 2016
• Daiwa Investment Conference Tokyo 2016	February 2016
• Jefferies 2016 Malaysian Summit	March 2016
• CLSA ASEAN Forum	March 2016
• Invest Malaysia KL 2016	April 2016
• Invest ASEAN 2016 Singapore	April 2016
• ASEAN C-Suite Forum 2016	June 2016
• HSBC ASEAN & India Conference	June 2016
• Invest Malaysia Tokyo	July 2016
• SGX Corporate Connect Seminar - New IPOs	August 2016
• Spotlight on Malaysia 2016	August 2016
• ASEAN Conference 2016 (Singapore)	August 2016
• Malaysia Corporate Day 2016 (Hong Kong)	August 2016

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.my 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.my/index.php/about-us/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 at least twenty-one (21) days before the date of the meeting in accordance with 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 and the provisions of Sections 149(1) (a), (b), (c) and (d) of the CA, 1965 shall not apply to the Company. 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.my.

Encourage poll voting

At the last AGM of the Company, no substantive resolutions were put forth for shareholders' approval, except for the routine resolutions pertaining to receiving of audited financial statements, re-appointment and re-election of Directors, payment of dividends and Directors' fees and re-appointment of Auditors. In view thereof, all resolutions were voted on by show of hands by shareholders.

The Board noted that pursuant to Paragraph 8.29A of Main LR of Bursa Securities, the Company must ensure that any resolution set out in the notice of any general meeting, is voted by poll. Also, the Recommendation 8.2 of MCCG 2012 states that the Board should encourage poll voting.

In view thereof, the Board will adopt electronic poll voting in the coming general meetings to facilitate greater shareholder participation, to more fairly reflect shareholders' views and to ensure accurate and efficient outcomes of the voting process.

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, the Chairman of the AC, NC and RC and the External Auditors were present and will endeavor 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 FY2016, 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 Statement on Corporate Governance. The Board considers that the Statement on Corporate Governance provides the information necessary to enable shareholders to evaluate how the MCGG 2012 has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the MCGG 2012, the Main LR and all applicable laws and regulations throughout the FY2016.

This Statement is made in accordance with a resolution of the Board of Directors dated 12 October 2016.

1. Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year ended 31 August 2016 (“FY2016”).

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

The Company proposes to seek new Shareholders’ Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature in this Eighteenth Annual General Meeting (“AGM”) (“Proposed New Shareholders’ Mandate”). The Proposed New Shareholders’ Mandate, details as provided in the Circular to Shareholders dated 14 November 2016 sent together with this Annual Report, if approved by the shareholders, would be valid until the conclusion of the Company’s next AGM.

Details of the RRPT occurred during the FY2016 are disclosed in Note 38 to the Financial Statements set out on page 149 of this Annual Report.

3. Audit and Non-Audit Fees

During the FY2016, the total audit and non-audit fees incurred by the Company and the Group are as follows:

	Top Glove Corporation Bhd (RM)	Top Glove Group (RM)
Audit Fees	118,000	288,000
Non-Audit Fees	450,000	497,000

The significant non-audit fees incurred by the Company was for the Due Diligence Audit required for the secondary listing of the Company on the Main Board of Singapore Exchange on 28 June 2016.

4. Material Contracts

During the FY2016, there were no material contracts entered into by the Company and its subsidiaries involving Directors’, chief executive’s and/or major shareholders’ interests.

5. Contracts Relating To Loans

During the FY2016, 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.

6. Insider Trading

During the FY2016, there was no insider trading reported.

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

During the FY2016, a total of 4,914,140 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS and a total of 625,713,562 new ordinary shares were issued and allotted pursuant to the bonus issue. The details of the issued and paid-up share capital of the Company as at 31 August 2016 are as follows:

	No. of Shares	RM
As at 1 September 2015	624,184,162	312,092,081.00
Ordinary shares of RM0.50 each issued pursuant to the ESOS	4,914,140	2,457,070.00
Ordinary shares of RM0.50 each issued pursuant to the Bonus Issue	625,713,562	312,856,781.00
As at 31 August 2016	1,254,811,864	627,405,932.00

Other than the above, there were no issuance of convertible securities and new ESOS option granted during the FY2016.

The number of ESOS option exercised by the Directors are disclosed on page 80 of this Annual Report.

8. 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. 748,300 shares were awarded to the eligible employees and Executive Directors under the ESGP as at 31 August 2016.

The number of shares awarded to the Directors pursuant to the ESGP are disclosed on page 80 of this Annual Report.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Board's Responsibilities

The Board is committed to establish a sound, efficient and effective system of internal control covering not only financial control but also operational control and risk management to safeguard Shareholders' investment and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system. Such a system is designed to identify and to manage the Group's risk within the acceptable risk profile, rather than eliminate the risk of failure. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Risk Management Framework

The Board regards risk management as an integral part of business operations. The Board explicitly assumes the responsibility of identifying principal risks and ensuring implementation of a risk management system, and reviewing the adequacy and integrity of the Group's internal control and management information system. To fulfill its oversight responsibility, the Board as a whole or through delegation to the Risk Management Committee ("RMC"), reviews the adequacy, integrity and implementation of appropriate systems for risk management and internal controls.

RMC's Responsibilities

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 members of the RMC are as follows:

- 1) **Tan Sri Mohd Sidek Bin Haji Hassan** : Chairman
- 2) **Tan Sri Rainer Althoff** : Member
- 3) **Dato' Lim Han Boon** : Member
- 4) **Lee Kim Meow** : Member
- 5) **Lim Cheong Guan** : Member

The RMC reports to the Board of Directors regarding the Group's risk exposures, including its review of risk assessment model used to monitor the risk exposures and the Management's views on the acceptable and appropriate level of risks faced by Group's Business Unit.

The Risk Management Process

The Group had formed a Risk Working Committee ("RWC") in May 2013 to assess risks contained at the respective business unit level by complying with the Risk Management Framework laid down by the RMC. The RWC consists of standing members comprising Executive Director (Finance) as Chairman and key management staff, and submits its Risk Management Report to the RMC on a quarterly basis.

The RWC, subject to the general supervision of RMC, has in the past one (1) year conducted the following:

- Identified risks and corresponding controls in place to mitigate these risks for each significant business process;
- Compiled Risk Management Report and submitted to RMC for review, deliberation and recommendation for approval by the Board;
- Presented and discussed Extreme and High Risks identified to RMC members during quarterly RMC meetings; and
- Followed-up on queries and suggestions raised by the RMC and reported the status of follow-up to the RMC.

The RWC assessed risks contained in the Group by referring to risk categorisation laid down in the Risk Management Framework. The Group has categorised risks into Business, Information, Production, Credit, Financial, Operational, System and Human Resource.

The key risk areas for financial year ended 31 August 2016 ("FY2016") are outlined below:

1. Technology

An inability to leverage rapid technological advancements to improve production efficiency represents a threat to the Group's competitiveness. To mitigate this risk, the Group continuously invests in Research & Development and allocates a sufficient budget for machines and equipment upgrades. New factories were designed and built with the current technology to ensure competitiveness in the marketplace. It also ensures change-readiness through constant market surveillance and intelligence, which enables the Group to continue producing consistently high quality gloves at efficient low cost.

2. Production

Interruptions to production is a risk that can cause a temporary shutdown of factory operations resulting in financial losses to the Group. The three (3) major risks i.e. fire, water and flood identified by the RWC as being able to cause interruption to production, were closely monitored by respective Risk Owners, with risk mitigation plans proposed and implemented as follows:

- a. Explored alternative water source;
- b. Treated tube wells water, built on-site retention for rain water and recycled water to reduce water usage;
- c. Strengthened fire prevention controls, improved housekeeping and cleaning routine and performed daily checks on high risk areas; and
- d. Cleaned main drainage system periodically to prevent flooding during the rainy season.

3. Energy

The Group has to absorb any increase in the cost of energy that would result in higher production cost. To mitigate this risk, the Group embarked on energy efficiency improvement projects at factories to reduce energy consumption to stay competitive and efficient.

4. System

The Group's businesses may be vulnerable to security breaches to key systems, assets and facilities resulting from acts of vandalism or sabotage. Potential disruptions to operational systems or destruction of facilities from such security breaches and attacks, could adversely affect the Group's reputation, its businesses, or financial result. To mitigate this risk, the Group had been continuously upgrading and enhancing the Group's system security.

5. Manpower

The Group faces shortage of workers due to the government's temporary freeze of hiring foreign workers. As a result, the Group had incurred additional production cost due to higher overtime, hiring temporary contract workers and downtime cost.

The Internal Control Process

The Group's internal control mechanism is embedded in the various work processes and procedures at appropriate levels in the Group. The Management team led by the Managing Director and Executive Director (Finance) comprising experienced personnel with vast specialised industry experience, is assigned with the responsibility of managing the Group. They are accountable for the conduct and performance of their operations within their respective businesses. The Management team monitors the day-to-day affairs of the Group through the review of performance and operations reports, as well as attending management meetings. Any significant issues are immediately brought to the attention of the Executive Directors, Managing Director and Executive Chairman, who in turn will bring these matters before the Board.

The Audit Committee ("AC") is also responsible for reviewing and monitoring the effectiveness of the Group's internal control system. In this respect, the Group's Internal Audit Department was set up in the financial year ended 31 August 2003 to undertake the obligation to conduct regular reviews on the Group's various operations and reports directly to the AC.

The External Auditors provide assurance in the form of their annual statutory audit of the financial statements. Further areas for improvement identified during the course of the statutory audit by the External Auditors are brought to the attention of the AC through management letters, or discussed at AC meetings.

The Internal Audit Function

The internal audit function provided by the Group's Internal Audit Department ("GIA") based on the annual audit plan approved by the AC. GIA work practices is governed by the Internal Audit Charter which is approved by the AC. The scope of work of GIA encompasses the examination and evaluation of the adequacy, existence and effectiveness of the system of internal control, risk management framework and corporate governance of the Group, which include, inter alia, the following:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)



- Evaluating the system established to ensure compliance with policies, plans, procedures, laws, and regulations which could have significant impact on operations;
- Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Assessing the economy and efficiency with which resources are employed; and
- Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned;

During the FY2016, no significant control weaknesses were identified. A number of minor control weaknesses identified which were mainly related to operational controls, had been reported to the AC periodically. Furthermore, GIA works closely with and briefs salient audit issues to Management team during bi-monthly internal audit meetings. Respective Head of Factories or Head of Departments will be called to attend these meetings to explain to the Management team and develop action plans with timelines to rectify issues where the factories or departments are found not complying with Group's Procedures, Guidelines and Directions. Subsequent follow-up audits conducted by GIA also revealed that measures had been or are being taken by the Management team to address these weaknesses.

Review of Effectiveness

The Board is dedicated to operating a sound system of internal control and recognises that the system must continuously evolve to support the business and the size 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 FY2016, a number of improvements to internal controls were put in place/implemented. There have been no significant material internal control failures, which have resulted in material losses or contingencies.

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

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 12 October 2016.

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 FY2016, 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 2016 (“FY2016”).

AUDIT COMMITTEE COMPOSITION AND ATTENDANCE

In FY2016, the AC had met eight (8) times, two (2) of which was 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 and another one (1) of which was meeting in relation to Internal Audit Matter. The composition and the attendance record of the AC members are as follows:

Members	Directorship	Meeting Attendance
Tan Sri Dato’ Seri Utama Arshad Bin Ayub (Chairman of AC)	Independent Non-Executive Director	8/8 (100%)
Dato’ Lim Han Boon	Independent Non-Executive Director	8/8 (100%)
Datuk Noripah Binti Kamso	Independent Non-Executive Director	7/8 (87.5%)
Sharmila Sekarajasekaran (Appointed w.e.f. 15 October 2015)	Independent Non-Executive Director	4/4 (100%)

THE MEMBERS

Tan Sri Dato’ Seri Utama Arshad Bin Ayub (“Tan Sri Arshad”), the 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 few public listed companies where he is also the Chairman and member of AC.

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 Accountants, UK, fulfills the financial expertise as required by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements (“Main LR”). He also has vast working experience in areas of corporate finance.

Datuk Noripah Binti Kamso has vast experience in the Banking and Investment industry. She was the former Advisor of CIMB Islamic and the founding Chief Executive of CIMB-Principal Islamic Asset Management Sdn Bhd. 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, United States of America.

Ms Sharmila Sekarajasekaran was appointed as AC member on 15 October 2015. She was in legal practice for many years, and joined the RIM Group in year 2005 and held various positions in the RIM Group.

During the FY2016, the AC had constantly engaged with the External Auditors and the acting Head of Internal Audit to keep abreast with the key audit issues and audit concerns of the Company 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 key issues at each Board meeting.

The performance 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 based on the recent amendments to Bursa Securities Main LR which was previously reviewed by the Board once every three (3) years. During the FY2016, 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.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

The TOR of the AC is accessible through the Company's website at <https://www.topglove.com.my/index.php/about-us/corporate-governance>

SUMMARY OF ACTIVITIES FOR THE FY2016

1. Financial Reporting

- (a) Reviewed all the four (4) Quarter's Financial Statements and the annual Audited Financial Statements of the Company at the AC meetings 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; and compliance with accounting standards and other legal requirements.
- (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 FY2016 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 the Management's responses and upon which approved the Internal Auditors' proposals for rectification and implement the recommendations 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.
- (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 nature and scope of the audit, 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.

4. Related Party Transactions

- (a) Reviewed and recommended the related party transactions declared by the 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 the Bursa Securities Main LR.

5. Annual Reporting

Reviewed the AC Report, Statement of Risk Management & Internal Control and Corporate Governance Statement 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 Portfolio 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 corporate exercise of the Company for the Board's approval.
- (e) Verified the share buy back of the Company.
- (f) Reviewed acquisition and corporate exercise of the Company for the Board's approval.
- (g) Verified the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company.
- (h) Reviewed whistle-blowing cases of the Company.
- (i) Reviewed the term of office of the AC members, AC's TOR and the Related Party Transactions Policy.

TRAINING

During the FY2016, 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 58 to 60 of this Annual Report.

INTERNAL AUDIT FUNCTION

The Company has an Internal Audit Department whose principal objective 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 Internal Audit Department reports directly to the AC. Its role 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 Internal Audit Manager.

During the FY2016, 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 Internal Audit Department also follows up with the Management on the implementation of the agreed audit recommendations.

The costs incurred in maintaining the Internal Audit Function which is performed in-house for the FY2016 under review was RM418,782.00 (2015: RM543,387.00).

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 COMPOSITION AND ATTENDANCE

In FY2016, the Risk Management Committee ("RMC") had met four (4) times. The composition and the attendance record of the RMC members are as follows:

Members	Directorship	Meeting Attendance
Tan Sri Mohd Sidek Bin Haji Hassan (Chairman of RMC)	Senior Independent Non-Executive Director	4/4 (100%)
Tan Sri Rainer Althoff	Independent Non-Executive Director	4/4 (100%)
Dato' Lim Han Boon	Independent Non-Executive Director	4/4 (100%)
Lee Kim Meow	Managing Director	3/4 (75%)
Lim Cheong Guan	Executive Director	3/4 (75%)

TOR OF THE RISK MANAGEMENT COMMITTEE

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

The TOR of the RMC is accessible through the Company's website at <https://www.topglove.com.my/index.php/about-us/corporate-governance>

The aforesaid matter is further elaborated in details under a separate statement called "Statement on Risk Management and Internal Control" on pages 69 to 71 of this Annual Report.



DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the requirements of the CA in Malaysia, and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements 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 have:

- a) Adopted appropriate accounting policies and applied them consistently;
- b) Made judgments and estimates that are reasonable and prudent; and
- c) Prepared the financial statements on a going concern basis.

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

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

