



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

TOP GLOVE COMPLETES MAIDEN EXCHANGEABLE BOND OFFERING IN PRINCIPAL AMOUNT OF USD200 MILLION

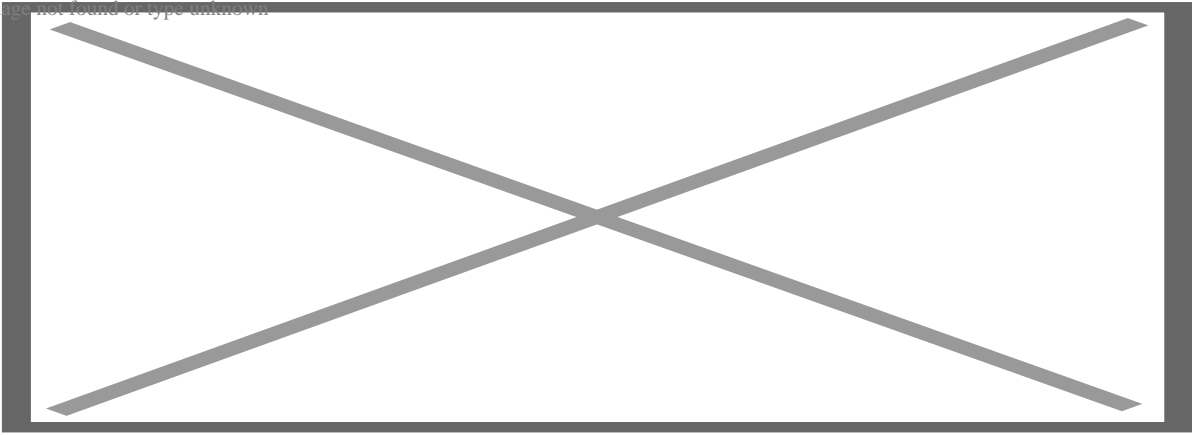
Bonds issued to save bank interest by repaying existing borrowings

Shah Alam, Monday, 4 March 2019: Top Glove Corporation Bhd (“the Company”) having successfully priced its maiden exchangeable bonds (“Bonds”) in the principal amount of USD200 million on 20 February 2019, completed the Bonds issue on 1 March 2019. The Bonds were listed on Bursa Malaysia and SGX on 4 March 2019. Following this, the Company wishes to provide the following additional information:

The purpose of issuing exchangeable bonds is to save bank interest by retiring existing borrowings

The net proceeds from the issuance of the USD200 million (estimated around RM814.1 million) Bonds will be used mainly for the purpose of repaying its existing debts, the details of which are set out below:

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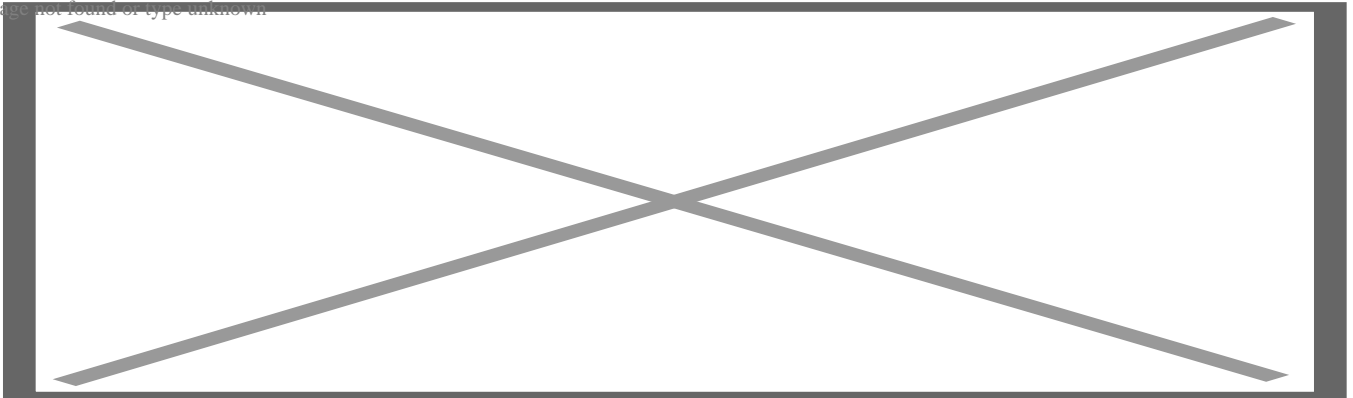


The issuance of the Bonds will not give rise to an increase in the Company's borrowings or its gearing ratio.

The Bonds will result in potential cashflow savings of approximately RM16 million in interest per year

The Bonds were priced at 2% per annum coupon for a fixed 5year period. The 2% coupon is approximately 50% lower than the existing interest cost of the loans the Group intends to repay, the rate for which is currently approximately 4% per annum. This will result in substantial potential cashflow savings of approximately RM16 million per annum for the Group, which will help to improve the Group's cashflow position. Potential cashflow savings arising from lower interest of the loan is estimated as follows:

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**Assuming:*

- a) no change in the interest rates of loans to be repaid*
- b) all the Bonds assumed to be exchanged into new shares of the Company at maturity date*
- c) no early redemption of the Bonds*

The 2% per annum coupon is fixed for 5 years, thereby preventing exposure to fluctuating interest rates which existing borrowings are subject to, such as LIBOR (London Interbank Offered Rate), which has increased over the past one year.

The Bonds enable diversification of funding sources

The Company's expansion has previously been funded via bank borrowings and internally generated cash. To diversify its funding sources, the Company has embarked on the Bonds issuance, which is a preferred option over normal bank borrowings due to the lower funding cost and fixed term.

The Bonds have an exchangeable feature whereby, subject to the terms and conditions of the Bonds, the

Bondholders have the right to exchange their Bonds into new shares of the Company at anytime during the exchange period, at an initial exchange price of RM6.2040 per share, which is a 20% premium to the closing share price of the Company on 20 February 2019 of RM5.17. This renders the Bonds issuance a more favourable alternative compared with fundraising via share placement, for which the Company would have to offer a discount below the current market price.

Moreover, the 20% premium coupled with the lower funding cost mitigates the dilution effect on the earnings of the Company. Exchange of Bonds to Top Glove shares would only take place upon the share price exceeding RM6.20. This guards against immediate earnings dilution, as new Top Glove shares from the conversion will only be issued at a later stage. By contrast, in share placements, new Top Glove shares will be issued immediately, resulting in immediate dilution.

Availability of stock borrow arrangement

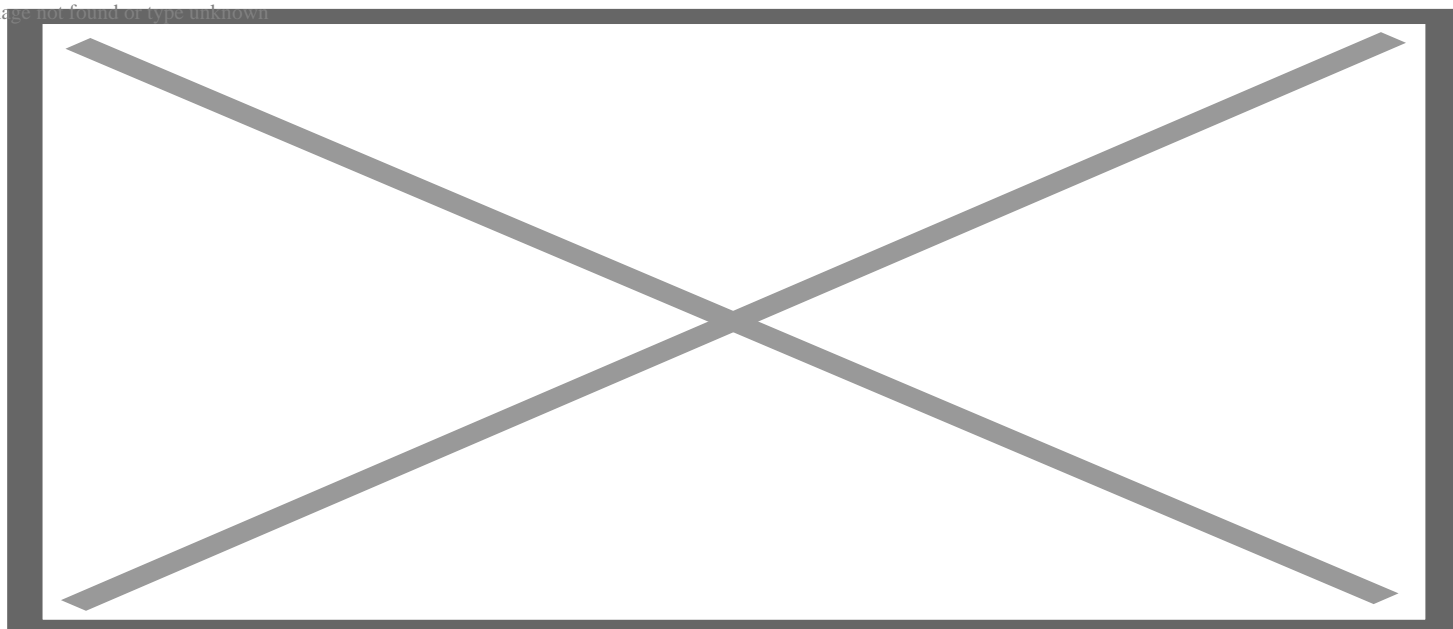
A stock borrow arrangement with Top Glove's major shareholders was also introduced in connection with the Bonds issuance. This would enable the Bonds to attract an even larger investor base, while also ensuring the terms of the Bonds would be more attractive and beneficial to the Company.

The stock borrow is a common feature for exchangeable bonds and enables investors to hedge the position when subscribing to the Bonds. However, the stock borrow available to investors only comprises approximately 2% of the total Top Glove shares. During this initial period, there may be some downward impact on the share price, attributed to regulated short selling activity. The impact is expected to be temporary.

Total shareholders' return of about 7,700% or 77 times has been delivered since listing in 2001

Since the Company's listing in 2001, Top Glove shares have appreciated significantly in line with the Group's strong growth and performance, delivering a shareholders' return of about 7,700% or 77 times, as shown in the graph below:

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Top Glove marks yet another significant milestone in its 28year history with this inaugural bond offering in the international capital markets. The first exchangeable conventional bonds priced out of Malaysia after almost a decade, the Bonds were well-received by investors across Asia and Europe.

About Top Glove

Top Glove Corporation Bhd is listed on the Main Board of Bursa Malaysia Securities Berhad and Mainboard of Singapore Exchange Securities Trading Ltd. It is also one of the component stocks of the MSCI Global Standard Index, FTSE Bursa Malaysia KLCI Index, FBM Top 100 Index, FBM Emas Index, FBM Emas Syariah Index, and FTSE4Good Bursa Malaysia Index. Top Glove is currently the world's largest manufacturer of gloves with an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. It has over 2,000 customers worldwide and exports to 195 countries.

Summary of key information:

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