



**MINORITY SHAREHOLDERS WATCH GROUP**  
*Shareholder Activism and Protection of Minority Interest*

8 May 2023

**BY EMAIL/FAX/HAND**  
(Fax No: +605-5474 363)

The Board of Directors  
**COMFORT GLOVES BERHAD**  
55A, Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 Ipoh, Perak Darul Ridzuan  
Malaysia

**Attention: Chan Eoi Leng/Chan Wai Man**  
**Company Secretaries**

Dear Directors,

**Re: 82<sup>nd</sup> Annual General Meeting (“AGM”) of Comfort Gloves Berhad  
 (“Comfort” or the “Company”) to be held on Monday, 22 May 2023**

---

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

**Operational & Financial Matters**

1. The Company faced multiple headwinds during FYE 2022, in particular, the oversupply of gloves resulting from increased capacity by major gloves companies, new competitors entering the glove industry, coupled with slower buying trend from our customers as a result of the excessive stockpiling during the Covid-19 pandemic phase. Collectively, these resulted in a temporary but substantial slowdown in demand which ultimately led to the declining average selling prices (“ASP”) of our glove products. (Page 14 of AR 2022)

(a) Is the oversupply of gloves still acute? What is the current situation of supply versus demand?

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: [mwatch@mswg.org.my](mailto:mwatch@mswg.org.my) Website: [www.mswg.org.my](http://www.mswg.org.my)

(b) Has the ASP stabilized or nearing the point of recovery? What is Comfort's ASP as compared to the industry average?

2. As compared to the previous financial period, Comfort's sales volume has decreased by 14% while its ASP eased by 51% year on year. (Page 31 of AR 2022)

Are sales expected to decline further or improve in FY 2023? What is the outlook for FY 2023? What is the outlook for ASP in FY 2023?

3. The Group was also affected by an escalating cost structure on the back of supply chain disruptions and global inflationary pressures which resulted in higher cost of industrial chemicals used in its production, freight cost and packaging materials. Its overall manufacturing cost was also further escalated due to the hike in natural gas tariff which increased by approximately 59% during FYE 2022 as well as higher labour cost. (Page 31 of AR 2022)

Have supply chain disruptions, higher cost of industrial chemicals, freight cost and packaging materials and natural gas tariff worsened? How does the Group manage and mitigate these problems?

4. The declining sales volume and ASP of Comfort's glove products has led to the write down of its inventory value to its net realisable value and a provision for slow-moving inventories amounting to RM 5.81 million and RM4.68 million respectively. (Page 31 of AR 2022)

Has the Group instituted measures to enhance its inventory management policy to minimize write-down of its inventory value or provision for slow-moving inventories? Please explain.

5. Revenue generated from all countries except from United States of America and Canada has declined in FY 2022. Revenue from United States of America and Canada increased from RM295.340 million in FP 2021 to RM421.191 million in FY 2022. (Page 118 of AR 2022)

Is revenue from United States of America and Canada expected to continue growing strongly in FY 2023?

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: [mswatch@mswg.org.my](mailto:mswatch@mswg.org.my) Website: [www.mswg.org.my](http://www.mswg.org.my)

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



**Devanesan Evanson**  
Chief Executive Officer

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: [mwatch@mswg.org.my](mailto:mwatch@mswg.org.my) Website: [www.mswg.org.my](http://www.mswg.org.my)