



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

15 May 2024

BY EMAIL/FAX/HAND

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

Attention: Chan Eoi Leng/ Chong Kwai Yoong
Company Secretaries

Dear Directors,

Re: 83rd Annual General Meeting (“AGM”) of Comfort Gloves Berhad (“Comfort” or the “Company”) to be held on Monday, 27 May 2024

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. *“Furthermore, the rubber gloves industry had to deal with the increasing production cost arising from the hike in labour costs following the first full financial year implementation of the minimum wage policy in accordance to Minimum Wages Order 2022” (Page 11 of Annual Report 2023 “AR2023”)*

The personnel expenses decreased from RM60.22 million in FY 2022 to RM49.27 million in FY 2023 (Page 116, Notes to the Financial Statements)

- (a) What percentage of the increase in staff costs was attributable to compliance with Minimum Wages Order 2022?
- (b) Despite the increase in labor costs, personnel expenses decreased substantially in FY 2023. What are the reasons for this decrease?

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 Website: www.mswg.org.my

2. *"In our pursuit of innovation, we place a strong emphasis on research and development, continuously striving to push the boundaries of technological advancement."* (Page 14 of AR2023)

How much was spent on the research and development during FY 2023? What were the outcomes of the research and development efforts?

3. *"In an effort to enhance our competitive edge, we have implemented various measures such as develop new products to distinguish the Group from other glove manufacturers and review on product costing regularly to ensure cost efficiency."* (Page 19 of AR2023)

(a) What are the new products that the Group has developed during FY 2023?

(b) How much did these new products contribute to the Group's revenue during FY 2023?

4. *"The Group incurs foreign currency risk on sales and purchases that are denominated in United States Dollar. We manage those material foreign currency transactions through forward exchange contracts."* (Page 20 of AR2023)

What is the cost associated with using forward exchange contracts to manage foreign currency risk?

5. *"Effective cost management and automation of operations stand out as our strategic approaches to address cost challenges, allowing streamlined processes and heightened our business efficiency."* (Page 20 of AR2023)

(a) How many percent of the operations have been automated to date?

(b) How has the automation impacted overall operational efficiency, and are there any metrics to quantify this improvement?

Sustainability Matters

1. *"According to the 12th Malaysia plan, Malaysia has set a target in rebuilding a resilient economy for a prosperous, inclusive, and sustainable country by 2025. This is to be achieved in a manner that includes being resilient, low-carbon use and resource-efficient. These can be attained with the help of green growth, which CGB has already begun to do."* (Page 22 of AR2023)

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- (a) What are the major sustainability risks facing the Group's operations? How does the Group plan to mitigate these sustainability risks?
- (b) Regarding low-carbon use and in line with the national target, what are the Group's major KPIs and targets for 2023? What have been the achievements to date?

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 for our records as soon as possible.

Thank you.

Yours sincerely



Minority Shareholders Watch Group

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