

13. REPORTING ACCOUNTANTS' AND SOLICITORS' LEGAL OPINION ON THE CIVIL SUIT NO: MT3-22-431-2000: SUPERMAX GLOVE MANUFACTURING SDN BHD VS TOP GLOVE SDN BHD

13.1 Solicitors' Opinion

**RANJIT OOI &
ROBERT LOW**

ADVOCATES & SOLICITORS
TRADE MARKS AGENT

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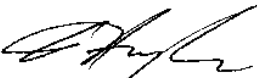
OUR REF:OHL.read.0187.2000

YOUR REF:

21st November 2000

TOP GLOVE SDN BHD
Lot 4968, Jalan Teratai
Batu 6 off Jalan Meru
41050 Klang
Selangor Darul Ehsan

CERTIFIED TRUE COPY


OOI HUEY LING
Peguambela & Peguamcara
Advocate & Solicitor
Kuala Lumpur

By Hand

Attention: MR. K M LEE

Dear Sirs,

Re: **SHAH ALAM HIGH COURT CIVIL SUIT NO.: MT3-22-431-2000
SUPERMAX GLOVE MANUFACTURING SDN BHD VS. TOP GLOVE SDN BHD**

We refer to the above matter and your request for a status report on the above suit.

We have reviewed the cause papers, documents and information made available to us. Following therefrom, we setforth below a synopsis of the above suit and our legal opinion on the said suit based on the cause papers filed by the Plaintiff to date and materials made available to us to date.

A. Brief Description of Action

By the abovementioned action ("the Suit"), Supermax Glove Manufacturing Sdn. Bhd. ("SGM") have instituted proceedings against Top Glove Sdn. Bhd. ("TG") for alleged passing off by TG of yellow and blue coloured boxes bearing the device of a glove containing gloves manufactured by TG under the brand name "SAFEMAX" as the boxes containing gloves manufactured by SGM under the brand name "SUPERMAX". The alleged infringing boxes are also alleged to carry notations of the various certifications of quality/accreditation belonging to SGM.

The basis of the claim appears to be, inter alia, that TG have sold to one Vaticano Importadora in Brazil that said infringing boxes of gloves. In consequence of TG's alleged passing off, SGM alleges that it has suffered damage, particulars of which are alleged to be injury to reputation and trade, loss

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of a customer in Brazil whereupon SGM has been put to trouble, expense and hardship, loss of profit and business opportunities and losses in the region of USD2 million.

The relief sought include:-

- (a) injunctions preventing TG from:-
- (i) howsoever producing, advertising, offering for sale or otherwise promoting, delivering to any operations of TG at any location, selling, distributing, brokering, sending, receiving, exporting or permanently parting with possession, power, trade or control to or in respect of or concealing the following goods, namely:
 - any boxes which are not boxes made by SGM and are yellow and blue in colour bearing the device of a glove and which carry and/or bear the certificates of quality belonging to SGM; and
 - any plates, utensils or other material used in the manufacture of any of the boxes aforesaid;
 - (ii) passing off or attempting to pass off and/or procuring, causing, or assisting third parties to pass off by making, selling, advertising or offering for sale, distributing or parting with possession of any of the said goods and any similar products to that of SGM in particular the yellow and blue coloured boxes bearing the device of a glove with the certificates of quality belonging to SGM;
 - (iii) involvement in any action or actions comprising deception or another means of unfair competition with SGM by the use of any deception in any related design, depiction or representation or otherwise interfering, injuring, lowering the quality of the trade mark and trade name or good name of SGM in respect thereto;
- (b) an order for the delivery up or destruction on oath of all infringing goods in the possession, control or power of TG, delivery or sale of which would infringe the injunction therein;
- (c) an order for discovery;
- (d) an enquiry as to damages suffered by SGM or at its option, an account of profits in respect of TG's wrongdoings; and
- (e) costs and interest.

B. Present Status of the Proceedings

TG was served with the Writ of Summons in respect of the Suit on 8.11.2000. We have on 9.11.2000 entered an appearance to the Suit on its behalf.

SGM have applied for interlocutory relief until further order in terms similar to the relief listed in A(a), (b) and (c) above. This application was initially fixed for hearing on 20.11.2000. It has since been adjourned to 12.1.2001 for hearing.

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Pending final disposal of the said application, TG has given limited undertakings to the Court, strictly without prejudice and without admission of any liability, in the following terms:-

- (a) that TG by itself or its officers shall not manufacture or sell gloves under the brand name "SAFEMAX" packaged in boxes bearing the design appearing on the "SAFEMAX" boxes as depicted in Exhibit TKS-1 of the Affidavit of Thai Kim Sim affirmed on 31.10.2000 filed in support of SMG's application for interlocutory relief aforesaid.
- (b) that TG by itself or its officers shall not reproduce on any packaging material produced by TG any registration number or any other identification number peculiar to SGM in respect of any certificates of quality and/or accreditation.

C. Assessment of Suit

Based on the material made available to us to date and on a perusal of the cause papers filed in the Suit to date, we are of the view that SGM's case against TG is weak for, inter alia, the following reasons:-

- (i) as presently pleaded, it does not appear that SGM has acquired a reputation and/or goodwill in the Supermax branding in Brazil as required to found an action for passing off;
- (ii) the alleged infringing packaging were manufactured for and at the request of a customer of TG, Vaticano Importadora, pursuant to the "original equipment manufacturing" sector of TG's business. In this respect, the said customer had provided the complete artwork for and specifications of the packaging for the gloves in CD ROM format for TG's adoption with specific instructions that there be exact reproduction of the same, hence the absence of any deception of the customer in question, which is yet another essential component of an action for passing off;
- (iii) TG has since ceased the packaging of the "SAFEMAX" brand of gloves for the said customer after two shipments of the products in question to them, the first arriving in Brazil on 9.8.2000 and the second, on 9.9.2000, hence the redundancy of the injunctive relief sought;
- (iv) The reproduction of registration numbers not belonging to TG and alleged to belong to SGM in respect of two (2) of the certificates of quality/accreditation on the alleged infringing boxes was wholly unintentional and arose purely by reason of the fact that the same had been incorporated into the artwork as presented to TG by the customer. TG have like certificates of quality /accreditation of their own. Additionally, upon realising that the registration numbers on two of the quality logos did not belong to TG, TG had immediately raised the issue with the customer and suggested that the same be rectified by substitution with TG's certificates of quality/accreditation, to which the customer agreed. However, subsequent thereto, no further orders were received from the customer.

D. Possible Counterclaims

We are presently exploring possible counterclaims available to TG.

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We trust that the above meets your queries.

Yours faithfully,


OOI HUEY LING

c.c. Client

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13.2 Reporting Accountants' Opinion



8 December, 2000

The Board of Directors
Top Glove Corporation Bhd.
Lot 5091, Jalan Teratai
5th Mile Off Jalan Meru
41050 Klang, Selangor Darul Ehsan

Arthur Andersen & Co
Public Accountants
Graha Maju Bangunan PKNM
Tingkat 10 Lot 1
Jalan Graha Maju
75300 Melaka
Malaysia
Tel 606 2831399
Fax 606 2841799

Dear Sirs

**TOP GLOVE CORPORATION BHD. ("TOP GLOVE")
LISTING EXERCISE ON THE SECOND BOARD OF THE KLSE
SHAH ALAM HIGH COURT SUIT NO MT3-22-431-2000
SUPERMAX GLOVE MANUFACTURING SDN. BHD. vs TOP GLOVE SDN. BHD. ("SUIT")**

We refer to the above High Court Civil Suit No MT3-22-431-2000 and we had sought legal opinion as to the possible outcome of this legal suit. Ranjit Ooi & Robert Low have stated in their letter dated 24 November, 2000 (a copy of which is attached herewith) that they are of the opinion that based on the materials made available to them to the date of the said letter and on a perusal of the cause papers filed in the Suit to date, they are of the view that the plaintiff's case is weak and is unlikely to succeed and it is premature at this stage to ascertain the financial outcome of the matter including any realistic estimation of the total legal fees/costs to be incurred and/or recoverable.

Based on and relying upon the above legal opinion that the plaintiff's case is weak and is unlikely to succeed based on information available up to 24 November, 2000 (date of legal opinion), we are of the opinion that the Suit should not have any material impact on Top Glove's net tangible assets or its profit forecast for the financial year ending 31 August, 2001. However, the full particulars of the Suit, its status and the lawyer's opinion should be adequately disclosed in the Prospectus

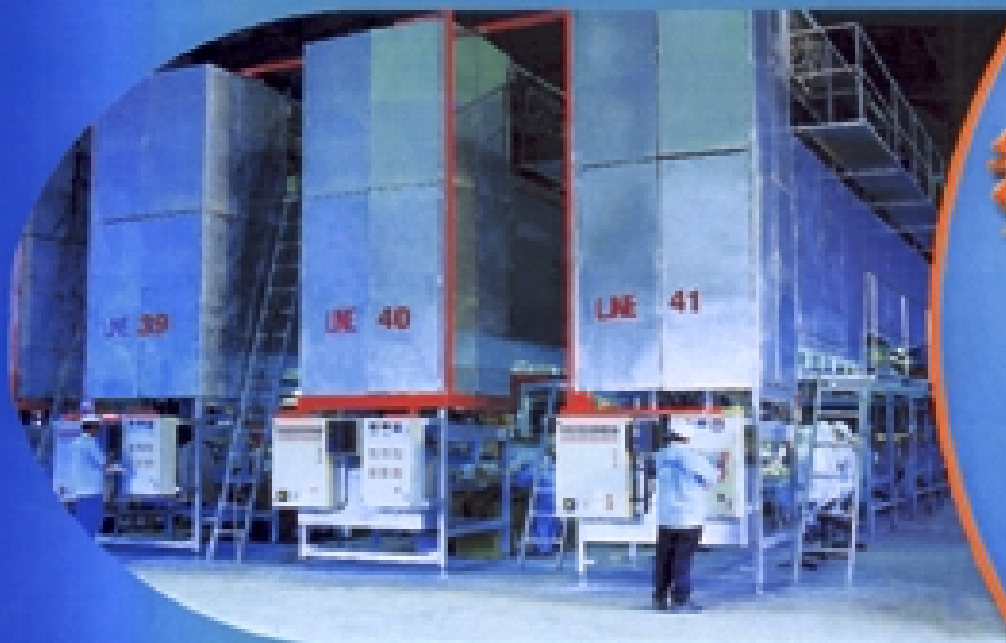
Yours faithfully,

A handwritten signature in black ink, appearing to read "Arthur Andersen & Co".

ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

A handwritten signature in black ink, appearing to read "Bala Krishnan A/L Ponniah".

BALA KRISHNAN A/L PONNIAH
No. 1394/7/01(J)
Partner of the Firm



Top Glove International Quality System Certifications Awarded



Malaysia



Germany



France



Europe



USA



Australia



Canada



USA



Malaysia



U.K.



U.K.