

**(1) Top Glove Corporation Bhd and Top Care Sdn Bhd against Adventa Capital Pte Ltd: Kuala Lumpur OS and Singapore OS; and(2) Top Glove Corporation Bhd and Top Care Sdn Bhd against Low Chin Guan, Wong Chin Toh and ACPL Sdn Bhd: Writ Action**

**TOP GLOVE CORPORATION BHD**

<b>Type</b>	Reply to Query
<b>Reply to Bursa Malaysia's Query Letter - Reference ID</b>	IQL-09072018-00001
<b>Subject</b>	(1) Top Glove Corporation Bhd and Top Care Sdn Bhd against Adventa Capital Pte Ltd: Kuala Lumpur OS and Singapore OS; and(2) Top Glove Corporation Bhd and Top Care Sdn Bhd against Low Chin Guan, Wong Chin Toh and ACPL Sdn Bhd: Writ Action
<b>Description</b>	Top Glove Corporation Bhd ("the Company") Reply to Bursa Malaysia Securities Berhad's letter dated 9 July 2018
<b>Query Letter Contents</b>	<p>We refer to your Company's announcement dated 6 July 2018 in respect of the aforesaid matter.</p> <p>In this connection, kindly furnish Bursa Securities with the following additional information for public release:-</p> <p>(a) The details of the default or circumstances leading to the filing of the arbitration at the Singapore International Arbitration Centre ("SIAC Arbitration"), KL OS, Singapore OS and Writ Action.</p> <p>(b) The date(s) of the filing of the SIAC Arbitration.</p> <p>(c) The date(s) of the presentation of the KL OS, Singapore OS and Writ Action respectively, and the date(s) the KL OS, Singapore OS and Writ Action were served on the respondents.</p> <p>(d) To clarify further the injunction on ACPL up to the value of RM72.3 million.</p> <p>(e) The particulars of the claim under the SIAC Arbitration, including the amount claimed for and the interest rate, if applicable.</p> <p>(f) If relevant, particulars of the interest rate(s) relating to the amount claimed under the KL OS, Singapore OS and Writ Action.</p> <p>(g) The hearing date(s) of the SIAC Arbitration and inter-parte hearing of the Mareva Application at the Singapore High Court (if applicable).</p> <p>(h) The effects of the above proceedings on the acquisition of Aspion Sdn Bhd (including the Finassis Incentive).</p> <p>(i) The effects of the above proceedings on the proposed bonus issue on the basis of 1 bonus share for every 1 existing ordinary share held and the proposed issuance of guaranteed exchangeable bonds with an aggregate principal amount of up to USD300 million.</p> <p>Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.</p> <p>Yours faithfully,</p>

TAN YEW ENG  
Vice President, Issuers  
Listing, Regulation

/WCY

c.c.: Market Surveillance Dept, Securities Commission Malaysia (via fax).

We refer to the Company's announcements made on 6 July 2018 and 9 July 2018 and Bursa Malaysia Securities Berhad's query letter dated 9 July 2018 requesting the furnishing of additional information related to the Legal Proceedings.

The details of the additional information are set out in the attachment below.

This announcement is dated 10 July 2018.

Please refer attachment below.

#### Attachments

[Reply to Bursa Letter.pdf](#)  
21.6 kB

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#### Announcement Info

<b>Company Name</b>	TOP GLOVE CORPORATION BHD
<b>Stock Name</b>	TOPGLOV
<b>Date Announced</b>	10 Jul 2018
<b>Category</b>	General Announcement for PLC
<b>Reference Number</b>	GA1-09072018-00078

REPLY TO BURSA MALAYSIA SECURITIES BERHAD'S LETTER DATED 9 July 2018  
(REFERENCE NUMBER: IQL-09072018-00001)

TOP GLOVE CORPORATION BERHAD

Subject:

- (1) Top Glove Corporation Bhd and Top Care Sdn Bhd against Adventa Capital Pte Ltd: Kuala Lumpur OS and Singapore OS; and
  - (2) Top Glove Corporation Bhd and Top Care Sdn Bhd against Low Chin Guan, Wong Chin Toh and ACPL Sdn Bhd: Writ Action
- (the "**legal proceedings**")
- 

We refer to the announcements dated 6 July 2018 and 9 July 2018 in relation to the legal proceedings ("**Announcements**") and the Queries from Bursa Securities dated 9 July 2018. Unless otherwise defined, the terms used herein shall have the same meaning as those defined in the Announcements.

We wish to furnish the following additional information:

- (a) The details of the default or circumstances leading to the filing of the arbitration at the Singapore International Arbitration Centre ("SIAC Arbitration"), KL OS, Singapore OS and Writ Action.

Reply: After the completion of the SPA on 4.4.2018, Top Glove took over Aspion shortly thereafter and discovered irregularities in certain balance sheet items of Aspion, in particular, inventories, and plant and machinery. Upon such discovery, Top Glove conducted its own investigations and appointed an independent accounting firm to investigate the irregularities in Aspion's accounts as well as the possible overstatement of the acquisition price for Aspion.

From the interim report given by the independent accounting firm, there is currently an overstatement of inventory, plant and machinery in Aspion's accounts amounting to RM74.4 million ("**Overstatement of Assets**"). Further, the interim report also states that the acquisition price of Aspion was overstated by RM640.5 million ("**Overvaluation**").

The Purchase Consideration was based on a PE Multiple of 16.93 times the FY2018 PAT target of RM80.9 million. However, Top Glove and Top Care have since discovered that the past profitability used to project the FY2018 PAT was misrepresented. Thus, such misrepresentation resulted in Top Glove and Top Care agreeing to pay a purchase consideration far higher than they would have had the truth being known to them.

- (b) The date(s) of the filing of the SIAC Arbitration.

Reply: Top Glove and Top Care have instituted arbitration proceedings against Adventa Capital in Singapore today, 10 July 2018, to claim for damage and loss suffered amounting to RM714,862,759 as a result of the fraudulent misrepresentations made by Adventa Capital to induce Top Glove and Top Care into entering the SPA. Top Glove and Top Care shall elect to affirm the SPA and only claim for damages.

(c) The date(s) of the presentation of the KL OS, Singapore OS and Writ Action respectively, and the date(s) the KL OS, Singapore OS and Writ Action were served on the respondents.

Reply: On 29.6.2018, Top Care and Top Care also filed an ex-parte Mareva Application against the defendants. On 2.7.2018, the Kuala Lumpur High Court granted an ex-parte Mareva injunction restraining Low Chin Guan and Wong Chin Toh from disposing their assets in Malaysia up to the value of RM714,862,759, and ACPL up to the value of RM72.3 million until trial or further order (“the 2.7.2018 Mareva Order”).

The dates of presentation are as follows:

- The writ, statement of claim, Mareva Application and the affidavit in support, and the 2.7.2018 Mareva were served on Wong Chin Toh and ACPL on 3.7.2018.
- The 2.7.2018 Mareva Order was served on Low Chin Guan on 3.7.2018 whereas the writ statement of claim and the affidavit in support were served on Low Chin Guan on 5.7.2018.
- The Singapore OS and the affidavit in support, as well as the 2.7.2018 Singapore Mareva Order were served on Adventa Capital on 3.7.2018.

(d) To clarify further the injunction on ACPL up to the value of RM72.3 million.

Reply: ACPL Sdn Bhd (“**ACPL**”), a wholly owned subsidiary of Adventa Capital, is named as a defendant in the Writ Action by reason of its receipt of RM72.3 million on the completion of the SPA.

(e) The particulars of the claim under the SIAC Arbitration, including the amount claimed for and the interest rate, if applicable.

Reply: As mentioned in item (b) above, Top Glove and Top Care have instituted arbitration proceedings against Adventa Capital in Singapore today, 10 July 2018, to claim for damage and loss suffered amounting to RM714,862,759 as a result of the fraudulent misrepresentations made by Adventa Capital to induce Top Glove and Top Care into entering the SPA.

If Top Glove and Top Care succeed in their arbitration proceedings against Adventa Capital, the tribunal may award interest at such rate and in respect of any period which the tribunal determines to be appropriate.

(f) If relevant, particulars of the interest rate(s) relating to the amount claimed under the KL OS, Singapore OS and Writ Action.

Reply: There are no interest rates imposed in the KL OS and the Singapore OS. Should Top Care and Top Glove succeed in their claim in the Writ Action, the court shall award interest on the amount found to be due to Top Care and Top Glove for such period as the court deems fit.

(g) The hearing date(s) of the SIAC Arbitration and inter-partes hearing of the Mareva Application at the Singapore High Court (if applicable).

Reply: The hearing dates are as follows:

- The Writ Action, the inter partes hearing of the Mareva Application is now moved from 13.7.2018 to 11.7.2018.
- The KL OS, the inter partes hearing of the Mareva Application is now moved from 13.7.2018 to 11.7.2018.
- The Singapore OS, no inter partes hearing was required to be fixed.

(h) The effects of the above proceedings on the acquisition of Aspion Sdn Bhd (including the Finessis Incentive).

Reply: At this juncture, the Company is in the midst of seeking legal advice in relation to Finessis Incentive.

(i) The effects of the above proceedings on the proposed bonus issue on the basis of 1 bonus share for every 1 existing ordinary share held and the proposed issuance of guaranteed exchangeable bonds with an aggregate principal amount of up to USD300 million.

Reply: Notwithstanding the above, the Company intends to proceed with the Proposed Bonus Issue and Proposed Bonds Issue announced on 20 April 2018 at this juncture.

Top Glove is currently seeking legal advice as to Low Chin Guan's position as a director in Top Glove.

The Company is engaging with the auditors of Aspion to assess if there is any effect to the Audited Financial Statements of FY2016. If there is any effect, it will be reflected in the Audited Financial Statements of FY2017 as an adjustment to the comparatives and opening balances as applicable.

At this juncture, the Company is unable to determine reliably the financial impact as the exercise of the Purchase Price Allocation to establish the amount of goodwill is on-going. In addition, management is also in the process of re-assessing the profits and cash flows projection of Aspion in view of the latest development. The Company endeavours to incorporate the financial impact, if any, in the coming 4th quarter financial results ending 31 August 2018.

This announcement is dated 10 July 2018.