

OTHERS Top Glove Corporation Bhd ("Top Glove" or "Company") JOINT VENTURE BETWEEN TOP GLOVE SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF TOP GLOVE, AND FIMATEC LIMITED TO VENTURE INTO THE BUSINESS OF MANUFACTURING RUBBER REINFORCING AGENT

TOP GLOVE CORPORATION BHD

Type	Announcement
Subject	OTHERS
Description	Top Glove Corporation Bhd ("Top Glove" or "Company") JOINT VENTURE BETWEEN TOP GLOVE SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF TOP GLOVE, AND FIMATEC LIMITED TO VENTURE INTO THE BUSINESS OF MANUFACTURING RUBBER REINFORCING AGENT

The Board of Directors of Top Glove wishes to announce that on 24 March 2017, Top Glove Sdn. Bhd., a wholly-owned subsidiary of Top Glove, had entered into a Joint Venture Agreement with Fimatec Limited for the purpose of engaging in the business of manufacturing rubber reinforcing agent for use in the manufacturing of gloves ("the JV").

Kindly refer to the attached document for the details of the JV.

This announcement is dated 27 March 2017.

Please refer attachment below.

Attachments

[TopGlove_Announcement_Joint_Venture_Agreement_Fimatec.pdf](#)
22.6 kB

Announcement Info

Company Name	TOP GLOVE CORPORATION BHD
Stock Name	TOPGLOV
Date Announced	27 Mar 2017
Category	General Announcement for PLC
Reference Number	GA1-27032017-00024

Top Glove Corporation Bhd (“Top Glove” or “Company”)

JOINT VENTURE BETWEEN TOP GLOVE SDN. BHD. (“TGSB”), A WHOLLY-OWNED SUBSIDIARY OF TOP GLOVE, AND FIMATEC LIMITED (“FIMATEC”) TO VENTURE INTO THE BUSINESS OF MANUFACTURING RUBBER REINFORCING AGENT

1. INTRODUCTION

The Board of Directors of Top Glove (“Board”) wishes to announce that on 24 March 2017, TGSB, a wholly-owned subsidiary of Top Glove, had entered into a Joint Venture Agreement with Fimatec for the purpose of engaging in the business of manufacturing rubber reinforcing agent for use in the manufacturing of gloves (“the JV”).

2. INFORMATION ON TGSB

TGSB was incorporated on 9 July 1991 as a private limited company incorporated in Malaysia under the Companies Act, 1965 (“the Act”). Its share capital and number of issued shares is RM550,000,000.00 comprising of 50,000,000 ordinary shares and 500,000,000 Class "A" Preference Shares (Redeemable Preference Shares); all of which have been issued and are fully paid-up. The principal activity of TGSB is manufacturing and trading of gloves.

3. INFORMATION ON FIMATEC

Fimatec was established on 25 April 1987 in Japan. Its issued share capital is 180,000,000 Yen comprising of 3,600 shares. Fimatec is a company engaged in the business of manufacturing industrial inorganic chemicals.

4. INFORMATION ON THE PROPOSED JV COMPANY

Techniglove Asia Sdn Bhd (Company No. 542464-K) was incorporated on 21 March 2001 as a private limited company incorporated in Malaysia under the Act. Its share capital and number of issued shares is RM500,000.00 of 500,000 ordinary shares; all of which have been issued and are fully paid-up (“the Proposed JV Company” or “Techniglove”). Techniglove will be renamed to TG FMT Sdn Bhd in due course.

The Proposed JV Company shall carry on the business of manufacturing rubber reinforcing agent for use in the manufacturing of gloves.

5. DETAILS OF THE JV

The salient terms of the JV Agreement include, amongst others, the following:

- 5.1 the purpose of the JV is to invest in the Proposed JV Company which will manufacture rubber reinforcing agent for supply to Top Glove Group of Companies.
- 5.2 As part of the terms of the JV Agreement, TGSB would subscribe to the paid-up capital of Techniglove for up to RM4,200,000.00; while Fimatec would subscribe to the paid-up capital of Techniglove for up to RM1,800,000.00; the subscriptions by both parties would be by stages. In any event of any increase of the share capital of the Proposed JV company, the

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- **Joint Venture between Top Glove Sdn. Bhd. (“TGSB”), a Wholly-owned Subsidiary of Top Glove, and Fimatec Limited (“Fimatec”) to Venture into The Business of Manufacturing Rubber Reinforcing Agent**
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enlarged share capital of the Proposed JV Company would be 70% by TGSB and 30% by Fimatec.

- 5.3 the Proposed JV Company’s Board of Directors shall consist of a maximum of six (6) Directors, four (4) Directors nominated by TGSB and two (2) Directors nominated by Fimatec.

6. SOURCE OF FUNDING

TGSB’s subscription for the Proposed JV Company’s shares in accordance to the JV Agreement would be funded via internally generated funds of the Group and/or borrowings; the breakdown of which has not been determined at this juncture.

7. EXPECTED COMMENCEMENT OF THE PROPOSED JV COMPANY

Barring any unforeseen circumstances, the Proposed JV Company is expected to commence business by first quarter of calendar year 2018.

8. RATIONALE OF THE JV

The JV is a long-term investment plan for Top Glove Group of Companies. It aims to reduce the overall glove production cost, improve glove quality and production efficiency through the supply of good and consistent quality of rubber reinforcing agent.

9. RISK FACTOR

The risks associated with the JV are the normal operational and business risks.

10. EFFECTS OF THE JV

a) Issued and Paid-up Share Capital and Substantial Shareholders’ Shareholdings

The JV will not have any effect on the share capital and shareholdings of the substantial shareholders of the Company as it does not involve the issuance of new shares by the Company.

b) Earnings Per Share

The JV will not have a material effect on the earnings per share of the Group for the financial year ending 31 August 2017 but is expected to increase the Group’s earnings in the future.

c) Net Assets Per Share and Gearing

The JV will not have a material effect on the net assets per share and gearing of the Group in the immediate future.

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11. PERCENTAGE RATIOS

The highest percentage ratio applicable for the JV, pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.23% based on the latest audited financial statements of the Company as at 31 August 2016.

12. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of Top Glove and persons connected to them have any interests, direct and indirect in the JV.

13. DIRECTORS’ STATEMENT

After having considered all aspects of the JV, the Board believes that the JV is in the best interest of Top Glove Group of Companies.

14. APPROVAL REQUIRED

The JV is not subject to the approval of shareholders as the materiality of the transaction is less than 5% of the percentage ratio threshold with only an immediate announcement is required.

15. DOCUMENTS FOR INSPECTION

The signed JV Agreement will be made available for inspection by the members of the Company at its registered address at Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor during business hours from Mondays to Fridays (except Public Holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 27 March 2017.