

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors of Top Glove Corporation Bhd (“Top Glove” or “Company”) (“the Board”) continues to commit embracing across organisation high standards of corporate governance and integrity whilst pursuing its corporate objectives in creating sustainable long-term success and value for the shareholders and stakeholders. The Board is always mindful on the importance of instilling the best corporate governance practices in building and delivering a sustainable business performance.

Top Glove’s commitment on corporate governance was testified by the following testaments:

- (1) Malaysia-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2018
  - i. Rank No. 19 in the list of top 100 companies for Corporate Governance Disclosure
  - ii. Rank No. 7 in the list of top 100 companies for overall corporate governance and performance
- (2) Industry Excellence in Manufacturing, MSWG~ASEAN Corporate Governance Award 2018 for its exemplary corporate governance practices.

Top Glove remains the selected constituents of the FTSE4Good Bursa Malaysia Index (“F4GBM”) and has also been included in the Dow Jones Sustainability Indices (DJSI) Emerging Market ranking number 15 out of 44 global healthcare companies on the DJSI (Global). Top Glove is included in the F4GBM Index since December 2015, having demonstrated a leading approach in addressing Environmental, Social and Governance (ESG) risks, in accordance to globally recognised standards. The aforesaid achievement reflects greater recognition of and better adherence to higher sustainability disclosure.

Top Glove is also one of the component stocks of the MSCI Global Standard Index, FTSE Bursa Malaysia (“FBM”) KLCI Index, FBM Top 100 Index, FBM EMAS Index, FBM EMAS Shariah Index and FBM Hijrah Shariah Index.

Top Glove and its subsidiaries (“Group”) will continue to endeavour its efforts in evaluating its governance practices in response to the evolving best practices and changing requirements. The Board is pleased to present the Corporate Governance Overview Statement for the FY2019 outlining the application of the principles and recommendations as set out in the following guides:

- (a) Companies Act 2016 (“CA 2016”)
- (b) Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities Main LR”)
- (c) Malaysian Code on Corporate Governance (“MCCG”)
- (d) Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad

The Board conducts regular reviews on the Group’s corporate governance practices to ensure they meet the expectations of our shareholders and evolve in line with global best practices and our own internal processes and practices. Top Glove will further enhance its MCCG adoption and put in effort to adhere to all recommended best practices in time to come.

As part of its efforts to enhance its corporate governance practices, Top Glove has also taken the initiative to benchmark itself against the leading corporate governance standards of reputable public listed companies in Malaysia as well as global companies at large.

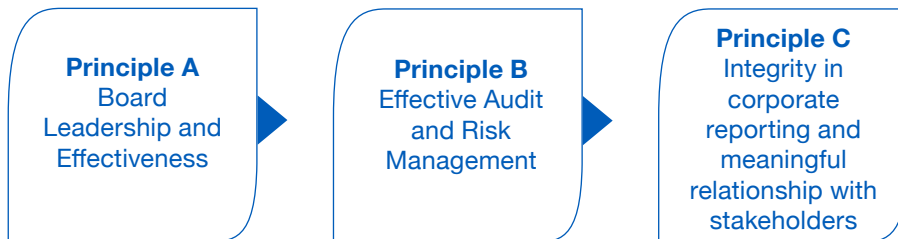
## Release of Annual Report and Quarterly Financial Results and holding of Annual General Meeting (“AGM”) and Analyst Briefings

|                               | Date of Issue/<br>Release | No. of Days<br>after end<br>of Year/<br>Quarter | Bursa Securities<br>Deadline for the<br>Issue/ Release | Date of AGM/<br>Analyst Briefings | No. of Days<br>after date<br>of Issue/<br>Release |
|-------------------------------|---------------------------|---|--|-----------------------------------|---|
| <b>Annual Report 2018</b>     | 14 November 2018          | 75  | 31 December 2018                                       | 8 January 2019                    | 54  |
| <b>Annual Report 2017</b>     | 13 November 2017          | 74  | 31 December 2017                                       | 9 January 2018                    | 56  |
| <b>2019 Quarterly Results</b> |                           |   |  |                                   |   |
| First Quarter                 | 17 December 2018          | 17  | 31 January 2019  | 18 December 2018                  | 1 <sup>1</sup>                                    |
| Second Quarter                | 22 March 2019             | 22  | 30 April 2019  | 28 March 2019                     | 6   |
| Third Quarter                 | 18 June 2019              | 18  | 31 July 2019   | 18 June 2019                      | Same day <sup>1</sup>                             |
| Fourth Quarter                | 26 September 2019         | 26  | 31 October 2019  | 4 October 2019                    | 8   |

Note:

<sup>1</sup> Analyst Briefings were held through tele-conferencing.

The Corporate Governance Overview Statement makes reference to the three (3) broad Principles :



This statement is prepared in compliance with Bursa Securities Main LR and it is to be read together with Corporate Governance Report 2019 (“CG Report”) of the Company based on a prescribed format pursuant to Paragraph 15.25 of Bursa Securities Main LR. The CG Report is available on Top Glove’s website: <https://www.topglove.com/corporate-governance/>.

The CG Report provides the details on how the Company has applied the 32 Practices and 4 Step-Ups as set out in the MCCG during the FY2019.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

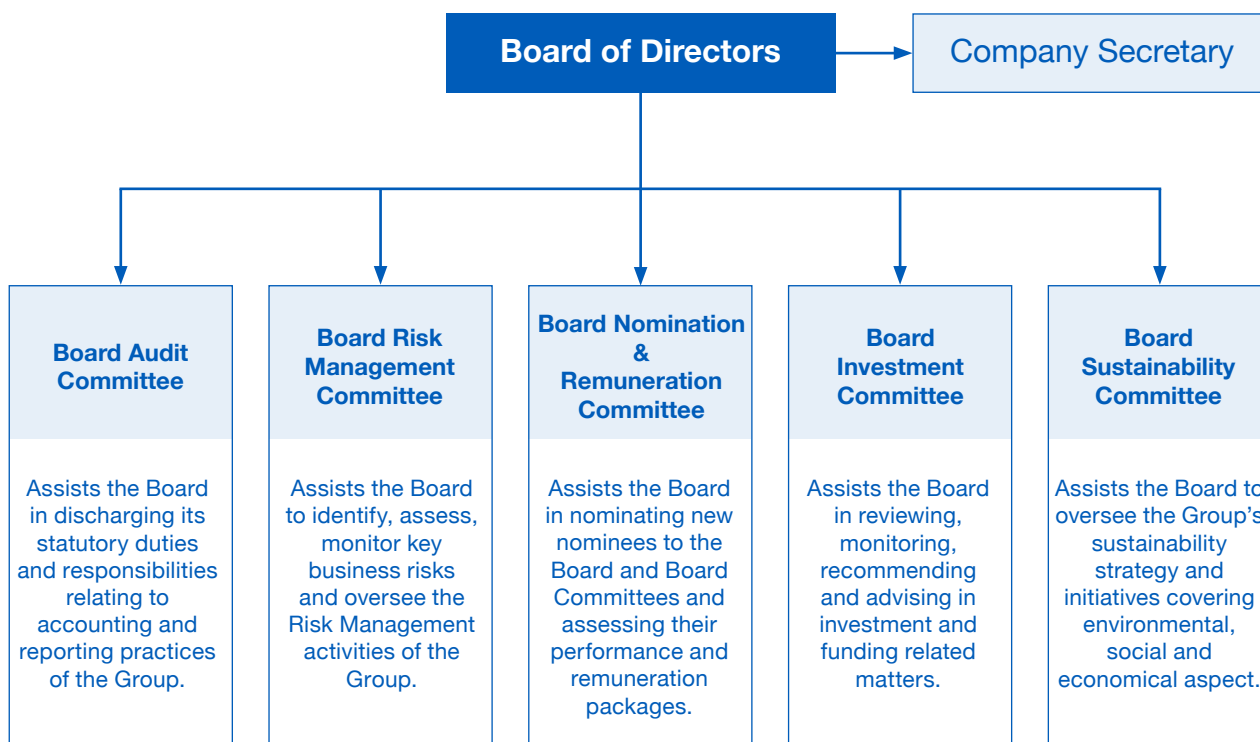
### Board’s Responsibilities

Top Glove is led by an experienced Board comprising members who are specialised in the glove manufacturing and various business sectors supported by a wide range of other professionals in the economics, engineering, legal and compliance sectors. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.

In tandem with the long term goal of Top Glove “To become a Fortune Global 500 Company by 2040”, the Group has embarked into several merger and acquisition activities. Since 2018, the Board and our Senior Executives will meet at a 2-day Offsite Meeting to deliberate the Group’s long term strategy and prospects. The Offsite Meeting will provide the Board with an opportunity to gain a deeper understanding into our business environment and our operations and to help refine our strategy. The strategy discussion will be in-depth and dynamic, centred on topics that are imperative to our business. During the Offsite Meeting in 2019, the Board has concluded the strategic statements focussing on key strategic areas as the Group’s strategy and plan to support the Group’s long-term value creation and sustainability businesses. The Board has also identified the key management personnel responsible for each key strategic area and they have to provide progressive report on its milestone achievements to the Board. The Board will review, monitor and oversee the implementation of the key strategic areas at its quarterly Board meeting.

The annual budget meeting is held every year for the Board to review and oversee the Group’s budget together with the strategy and plan of each business unit.

Presently, the Board is supported by five (5) Board Committees with delegated responsibilities to oversee the Group’s affairs and authorise to act on behalf of the Board in accordance with their respective Terms of Reference (“TOR”). Each Board Committee will review, report and make recommendation to the Board during the Board meeting on matters relevant to their roles and responsibilities. The Chairman of the respective Board Committee will provide highlights to the Board and the minutes of the respective Board Committees meeting will also be tabled at the quarterly Board meetings so as to keep the Board abreast of the decision and deliberation made by each Board Committee. Similar to the Board, each Board Committee is supported by the Company Secretary and has access to independent advice as required for the performance of its duties.



The Board Charter duly adopted by the Board clearly established the functions reserved for the Board and those delegated to Management. It is a reference and induction literature in providing the Board members and Management insight into the functions of the Board. The Board Charter is accessible through the Company's website: <https://www.topglove.com/corporate-governance/>.

### Role of Chairman, Managing Director, Executive Directors and Non-Executive Directors

The Executive Chairman, Tan Sri Dr Lim Wee Chai is primary responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board.

The Managing Director, Dato' Lee Kim Meow will assist the Executive Chairman in the effectiveness of implementation of the Board policies, making operational decisions and monitoring the day-to-day running of the businesses, including defining the limits of Management's responsibilities.

The Executive Directors are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and operational strategies are formulated.

The Non-Executive Directors are to deliberate and discuss policies and strategies formulated and proposed by Management with the view of long-term interests of all stakeholders. The Non-Executive Directors provide independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision making process to ensure that the long-term interests of all stakeholders and the community are well protected.

Our Senior Independent Non-Executive Director, Dato' Lim Han Boon, acts as a point of contact for shareholders and other stakeholders with concerns which have not been resolved or those deemed inappropriate to be communicated through the normal channels.

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## Role of Company Secretaries

The Company Secretaries play an advisory role to the Board and support the Board in ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. The Board is regularly updated by the Company Secretaries on changes to the relevant statutory and regulatory requirements, particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Senior Management.

## Board Meetings

The dates of the meetings of the Board, Board Committees and AGM for each financial year were fixed in advance for the whole year to ensure all Directors/Board Committees members' dates are booked and also to facilitate Management's planning for the whole financial year.

The Board meets quarterly to review its quarterly performance and discuss new policies and strategies. Additional meetings may be convened as special Board meetings, as and when necessary. During the FY2019, seven (7) Board meetings were held and the attendance of the Board and Board Committees members are as follows:

### FY2019 Board and Board Committees Meeting Calendar

|      | Sept | Oct            | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug |
|------|------|----------------|-----|-----|-----|-----|-----|-----|-----|------|------|-----|
| BOD  |      | √ <sup>β</sup> |     | √   | √   |     | √   |     |     | √    |      | √   |
| BAC  |      | √              |     | √   |     |     | √   |     |     | √    |      |     |
| BNRC |      | √              |     |     | √   | √   |     |     | √   | √    |      |     |
| BIC  |      |                |     | √   |     |     |     |     |     | √    |      | √   |
| BRMC | √    |                |     | √   |     | √   |     |     | √   | √    |      | √   |
| BSC  |      |                |     |     |     |     |     |     |     | √    |      |     |

Note :

<sup>β</sup>Two (2) Board meetings were held in October i.e. 11 and 29 October 2018.

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## Attendance of Directors and Board Committees Meetings held during the FY2019

| Name of Directors  | Board of Directors         | GM <sup>Ω</sup>            | Board Committees           |                             |                            |                            |                            |
|--|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
|  |                            |                            | BAC <sup>@</sup>           | BRMC <sup>*</sup>           | BNRC <sup>η</sup>          | BIC <sup>ι</sup>           | BSC <sup>∞</sup>           |
| 1. Tan Sri Dr <u>Lim</u> Wee Chai<br>(Executive Chairman)          | 7/7<br>(100%) <sup>#</sup> | 3/3<br>(100%) <sup>#</sup> |                            |                             |                            | 3/3<br>(100%) <sup>#</sup> |                            |
| 2. Dato' Lee Kim Meow  | 7/7<br>(100%)              | 3/3<br>(100%)              |                            | 6/6<br>(100%) <sup>§</sup>  |                            |                            |                            |
| 3. Dato' Lim Han Boon  | 7/7<br>(100%)              | 3/3<br>(100%)              | 7/7<br>(100%) <sup>#</sup> | 6/6<br>(100%) <sup>§</sup>  | 5/5<br>(100%) <sup>§</sup> | 3/3<br>(100%) <sup>§</sup> |                            |
| 4. Tan Sri Rainer Althoff  | 7/7<br>(100%)              | 3/3<br>(100%)              |                            | 6/6<br>(100%) <sup>§</sup>  |                            |                            |                            |
| 5. Lim Hooi Sin  | 7/7<br>(100%)              | 1/3<br>(33.3%)             |                            |                             |                            |                            |                            |
| 6. Lim Cheong Guan   | 7/7<br>(100%)              | 3/3<br>(100%)              |                            | 6/6<br>(100%) <sup>§</sup>  |                            | 3/3<br>(100%) <sup>§</sup> |                            |
| 7. Puan Sri Tong Siew Bee  | 4/7<br>(57.1%)             | 2/3<br>(66.7%)             |                            |                             |                            |                            | 0/1<br>(0.0%) <sup>§</sup> |
| 8. Datuk Noripah Kamso   | 7/7<br>(100%)              | 3/3<br>(100%)              | 7/7<br>(100%) <sup>§</sup> | 4/4<br>(100%) <sup>#</sup>  | 3/3<br>(100%) <sup>§</sup> | 3/3<br>(100%) <sup>§</sup> | 1/1<br>(100%) <sup>§</sup> |
| 9. Sharmila<br>Sekarajasekaran                                     | 7/7<br>(100%)              | 3/3<br>(100%)              | 7/7<br>(100%) <sup>§</sup> |                             | 5/5<br>(100%) <sup>§</sup> |                            | 1/1<br>(100%) <sup>#</sup> |
| 10. Tay Seong Chee, Simon  | 5/7<br>(71.4%)             | 3/3<br>(100%)              |                            | 2/3<br>(66.7%) <sup>§</sup> |                            |                            | 1/1<br>(100%) <sup>§</sup> |
| 11. Datuk Dr. Norma Mansor   | 7/7<br>(100%)              | 1/3<br>(33.3%)             |                            | 6/6<br>(100%) <sup>§</sup>  | 4/5<br>(80%) <sup>#</sup>  |                            |                            |
| 12. Azrina Arshad<br>(Appointed as INED on<br>8 January 2019)      | 4/4<br>(100%)              |                            | 3/3<br>(100%) <sup>§</sup> |                             |                            | 1/2<br>(50%) <sup>§</sup>  | 1/1<br>(100%) <sup>§</sup> |
| 13. Tan Sri Arshad Ayub<br>(Retired as SINED on<br>8 January 2019) | 4/4<br>(100%)              | 3/3<br>(100%)              | 4/4<br>(100%) <sup>#</sup> |                             | 2/2<br>(100%) <sup>#</sup> | 1/1<br>(100%) <sup>§</sup> |                            |
| <b>Total no. of Meetings:</b>                                      | <b>7</b>                   | <b>3</b>                   | <b>7</b>                   | <b>6</b>                    | <b>5</b>                   | <b>3</b>                   | <b>1</b>                   |

Note:

# Chairman

§ Member

Ω General Meetings. One (1) AGM held on 8 January 2019. Two (2) EGMs held on 10 October 2018.

@ Board Audit Committee had seven (7) meetings, includes two (2) meetings with External Auditors (without Executive Directors' and Management's presence) and one (1) meeting with Internal Auditors (without Executive Directors' and Management's presence).

\* Board Risk Management Committee

η Board Nomination and Remuneration Committee

ι Board Investment Committee

∞ Board Sustainability Committee

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All the above meetings were held in the Company's Corporate Office at Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan except for the 2019 Board Offsite meeting which was held at Penang.

In the intervals between Board meetings, any matters requiring urgent Board's decisions or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made and the same for the Board Committees.

The Board decisions made at the Board meetings shall be by a majority as prescribed by the Constitution of the Company.

During the FY2019, some of the Board agenda items are as follows:

- (a) Company strategy and performance
- (b) Annual Budget review
- (c) Quarterly Unaudited Consolidated Results
- (d) Half-year financial performance report
- (e) Business Plan and Development
- (f) Proposals and updates on Investment Projects
- (g) Corporate proposals on Mergers and Acquisitions
- (h) Progress updates on implementation of key strategic areas
- (i) Risk management, governance and compliance
- (j) Share performances on Bursa Securities and Singapore Exchange
- (k) Capital structure review and balance sheet management
- (l) Digitalisation and Industry 4.0 readiness
- (m) Sustainability initiatives and goals of the Group and Sustainability reporting
- (n) Analysis of Corporate Governance disclosure
- (o) Dividend proposal
- (p) Board Committees composition, Board and Management succession planning, Board assessment and governance review

All BAC members are financially literate. Dato' Lim Han Boon, the BAC Chairman and also our Senior Independent Non-Executive Director is a member of the Malaysian Institute of Accountants, the Chartered Management Institute, United Kingdom ("UK") and fellow of the Association of Chartered Certified Accountant, UK which fulfilled the financial expertise requirement by Bursa Securities Main LR.

Our Executive Director and Senior General Manager, Finance attend all meetings of the BAC, other than meetings held between the BAC and External Auditors (without Executive Directors' and Management's presence) as well as the meeting held between the BAC and Internal Auditors (without Executive Directors' and Management's presence).

During the FY2019, the BAC met with the External Auditors (without Executive Directors' and Management's presence) twice and met with the Internal Auditors once (without Executive Directors' and Management's presence).

Further details on the summary of activities of the BAC during the FY2019 is set out separately in the BAC Report on pages 118 to 119 of this Annual Report.

## Supply of information to the Board

All Directors are provided with an agenda of the meeting and Board papers which contain the Company's financial performance, business outlook, various Board Committees' reports and disclosures by Directors of their interests in the shares and their interests in contracts, properties and offices pursuant to Section 219 and Section 221 of the CA 2016 respectively prior to the Board meeting. The Board papers are issued in advance and in a timely manner to facilitate informed decision making. The Managing Director and Executive Directors would lead the presentation of Board papers and provide comprehensive explanations of strategy and business plans, business performance, potential mergers and acquisitions and other pertinent issues.

Any proposals and recommendations by Management will be discussed at the Executive Committee ("EXCO") level and then the EXCO's recommendation will be put forth to the relevant Board Committees for deliberation and endorsement. Thereafter, the Chairman of the respective Board Committees will brief the Board and seek an approval from the Board. All matters raised, deliberations, decisions and conclusions including dissenting views made at the Board meetings with clear actions to be taken by responsible parties are recorded in the minutes.

The Notices of the Board and Board Committees' meetings are sent within fourteen (14) days prior to the meetings and at all times, endeavour to deliver the non-financial materials within seven (7) days prior to the meetings whereas the financial materials would be delivered on average within two (2) days prior to the meetings as the aforesaid materials are sensitive information.

Notices on the closed period for trading in Top Glove's securities are served to Directors, key management personnel and principal officers who are deemed to have privy to any sensitive information for the applicable periods especially the regular annual scheduled Board meetings to approve the quarterly financial results. This is to comply with Bursa Securities Main LR and the Capital Markets and Services Act 2007 requirements where Directors, key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which have not been publicly announced within 30 calendar days before the targeted date of announcement of the quarterly financial results up to the date of announcement. In the FY2019, none of the Directors dealt in Top Glove's securities during the closed period.

The Directors are also notified of any corporate announcement released to Bursa Securities and the impending restrictions on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

All Directors and Company Secretaries have been issued with the Code of Conducts and Ethics for Directors and Secretaries.

## Board Composition and Balance

The Board currently comprises twelve (12) members, made up of four (4) Executive Directors including the Executive Chairman and Managing Director, one (1) Non-Independent and Non-Executive Director ("NINED") and seven (7) Independent Non-Executive Directors ("INED"). The BNRC has recommended to re-designate Puan Sri Tong Siew Bee as NINED due to her role and function carried out in the Company. The Board had on 8 May 2019 approved BNRC's recommendation on re-designation of Puan Sri Tong Siew Bee as NINED. The roles and responsibilities of the Executive Chairman and the Managing Director are distinctive and have been clearly segregated to further enhance and preserve a balance of authority and accountability to avoid unfettered powers of decision making. The composition reflects a balance of Executive Directors and Non-Executive Directors; ensuring that all Board discussions or decisions have the benefit of predominantly outside views and experiences, and that the INEDs are free from interests and influences that may conflict with their duties to the Company.

The majority number of INEDs help to ensure effective check and balance of the Board's function as the INEDs are often the carers of the minority shareholders in providing constructive feedbacks to the proposals of the Company.

There are five (5) female Board members, representing 42% of the total Board members. The aforesaid female Board members provide the Board with gender diversity that bring value to the Board's deliberations from the different perspectives and insights of the female Board members.

The profile of each of the Board members is as presented on pages 10 to 17 of this Annual Report.

## Independence

The Board recognises the significant contribution by INEDs to the Company in bringing independent and objective judgement to the Board in decision making.

The independence is as prescribed under Bursa Securities Main LR which states that INEDs should be independent of management and free from any business or other relationships which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. INEDs are willing to express his/her opinion to the Board free of concern about his/her position or the position of any third party. Nevertheless, none of the INEDs engage in the day-to-day management of the Company, participate in any business dealings or is involved in any other relationships with the Company (other than in situations permitted by the applicable regulations).

An annual independency assessment has been carried out by the BNRC to ensure the independency of all INEDs. The assessment is based on the criteria on independence as set out in Bursa Securities Main LR and Practice Notes of Bursa Securities Main LR, including a self-declaration of any involvement or relation which could interfere an independent judgement and ability to act in the best interests of the Company. An independent confirmation is obtained based on the independency assessment before the appointment of INED and INEDs are assessed annually to re-affirm their independence based on the provisions of Bursa Securities Main LR.

During the FY2019, the Board was satisfied that none of the INEDs had any relationship that could materially interfere with, or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company.

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The INEDs led by Senior INED had met periodically without the presence of Executive Directors and/or the Management during the FY2019. In recognising the mergers and acquisitions activities to be the driving force of the Group and formed an essential part of Top Glove's business strategy, the INEDs have also put forth their recommendations to the Management the structure for mergers and acquisitions in accordance with the global best practices.

The Board has adopted a Tenure Policy to limit the tenure of independent directors to nine (9) years. The Board may, in exceptional cases, subject to the assessment of the BNRC on annual basis, recommend and subject to valid justifications and obtaining shareholders' approval, retain an independent director beyond the nine (9) years' term.

Our Senior INED, Dato' Lim Han Boon, will be completing his nine (9) years' term by 21 February 2020. Upon recommendation by the Board, he would be retained as an INED subject to the approval of shareholders at the forthcoming AGM in January 2020.

## Gender Diversity on Board and Management

The Company takes diversity not only at the Board level but also at the operational level throughout the Group as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company. Diversity encapsulates not only gender but also age and ethnicity, if well-managed, can drive performance and strengthen governance.

Despite the importance of Boardroom diversity, the Board is of the view that the selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority, not compromising on qualification, experience and capabilities.

A Board Diversity Policy was updated and adopted by the Board on 18 June 2019 to set out the principles of Top Glove to maintain a diversify Board. A copy of the Board Diversity Policy is made available on the Company's website: <https://www.topglove.com/corporate-governance/>.

Currently, the Board has 42% female representation. Aside from achieving the gender diversity aspect, the Board also aspires to achieve significant benefits by focusing on individual talents, abilities and experiences to meet the Group's objectives of being the world's leading gloves manufacturer; hence, requiring a Board with broader range of competence, skills and experience.

Below sets the summary of the gender, ethnicity and age mix of our Management team, excluding workers:

### A) Gender

(data compiled as at 8 October 2019)

| Category  | Total Headcount | Male Employees |       | Female Employees |       |
|---|-----------------|----------------|-------|------------------|-------|
|   |                 | Headcount      | %     | Headcount        | %     |
| <b>All Staff</b>                                  | 3,866           | 1,843          | 47.67 | 2,023            | 52.33 |
| <b>Management staff<br/>(Manager &amp; above)</b> | 496             | 223            | 44.96 | 273              | 55.04 |
| <b>Directors on Board</b>                         | 12              | 7              | 58.33 | 5                | 41.67 |



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## B) Ethnicity

| Category                              | Total Headcount | Malay     |       | Chinese   |       | Indian    |       | Others    |       |
|---------------------------------------|-----------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
|                                       |                 | Headcount | %     | Headcount | %     | Headcount | %     | Headcount | %     |
| All Staff                             | 3,866           | 2,076     | 53.70 | 769       | 19.89 | 429       | 11.10 | 592       | 15.31 |
| Management staff<br>(Manager & above) | 496             | 106       | 21.37 | 317       | 63.91 | 33        | 6.65  | 40        | 8.06  |
| Directors on Board                    | 12              | 3         | 25.00 | 7         | 58.33 | 1         | 8.33  | 1         | 8.33  |

## C) Age

| Category                              | Total Headcount | 70 & Above |   | 60 to 69  |    | 50 to 59  |    | 40 to 49  |    | 30 to 39  |    | 20 to 29  |    | Below 20  |   |
|---------------------------------------|-----------------|------------|---|-----------|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|---|
|                                       |                 | Headcount  | % | Headcount | %  | Headcount | %  | Headcount | %  | Headcount | %  | Headcount | %  | Headcount | % |
| All Staff                             | 3,866           | 1          | * | 21        | *  | 131       | 3  | 310       | 8  | 743       | 19 | 2,650     | 69 | 10        | * |
| Management staff<br>(Manager & above) | 496             | 1          | * | 10        | 2  | 49        | 10 | 136       | 27 | 237       | 48 | 63        | 13 | -         | - |
| Directors on Board                    | 12              | 1          | 8 | 6         | 50 | 5         | 42 | -         | -  | -         | -  | -         | -  | -         | - |

Note: \* negligible

## Re-election and Re-appointment of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to retirement at the first AGM of the Company subsequent to their appointment. One third (1/3) of all the other Directors shall retire by rotation at each AGM provided always that all Directors shall retire from office at least once in every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

The Directors due for re-election by rotation pursuant to Article 94 of the Company's Constitution at the forthcoming AGM are Tan Sri Dr Lim Wee Chai, Mr Lim Cheong Guan and Mr Tay Seong Chee, Simon. Puan Azrina Arshad, who was appointed on 8 January 2019 will be retired and subject to re-election at the forthcoming AGM.

Dato' Lim Han Boon, who will be reaching his nine (9) years' tenure on 21 February 2020, the Board agreed with the recommendation from BNRC and will seek the shareholders' approval to retain Dato' Lim Han Boon as Independent Director at the forthcoming AGM. Based on his years of service with Top Glove, the Board was of the view that Dato' Lim Han Boon is able to exercise his objectivity and independent judgment in good faith and in the best interest of the Company.

This is also in line with the Tenure Policy of Independent Director adopted by the Company in FY2019. According to the Tenure Policy, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of first appointment. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the approval of the Board (taking into account the recommendation of BNRC) provided the Independent Director is re-designated as Non-Independent Non-Executive Director. The Board may, in exceptional cases and subject to BNRC assessment and valid justifications, to seek approval from the shareholders to retain an Independent Director beyond nine (9) years' term.

Their profiles are set out on pages 10, 12, 14, 16 and 17 of this Annual Report.

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## Directors' Induction and Professional Development Programmes

During the FY2019, the Directors continued to participate in professional development programmes to equip themselves and to effectively discharge their duties as and when beneficial. The Directors have constantly kept themselves updated on both local and international affairs and changes in rules and regulations affecting the Company through advisories from regulatory bodies, the Management and self-reading.

The Directors have been kept up to date by the Company Secretaries on any changes to legal and governance practices of the Group as well as new accounting and auditing standards that may have impact on the Company's businesses via email and at every BAC and Board meetings.

It formed part of the Directors' Induction programme that each new Director is given a comprehensive briefing on the Company's history, operations, financial control system and plant visit to enable him/her to have first-hand understanding of the Company's operations.

For FY2019 till 31 October 2019, all Directors had collectively or individually attended/participated in the following professional development programmes/seminars/forums/conferences:

| Directors                  | Professional development programmes/seminars/forums/conferences attended  | Date                    |
|----------------------------|---|-------------------------|
| Tan Sri Dr<br>Lim Wee Chai | 1. International Rubber Glove Conference & Exhibition at KLCC   | 4 to 5 September 2018   |
|                            | 2. 25 <sup>th</sup> CLSA Investors Forum at Grand Hyatt Hong Kong   | 10 to 11 September 2018 |
|                            | 3. Singapore Summit 2018 at Shangri-La Hotel, Singapore   | 14 to 15 September 2018 |
|                            | 4. Synthomer Yearly Technical Exchange Seminar at Top Glove Tower, Setia Alam, Selangor   | 5 October 2018          |
|                            | 5. Face to Face 3.0 with VIP by KCCCI: How Top Glove Became the World Largest Manufacturer of Gloves, Top Glove Tower, Setia Alam, Selangor | 6 October 2018          |
|                            | 6. JP Morgan International Council Client Programme at Berlin, Germany  | 25 to 26 October 2018   |
|                            | 7. Forbes CEO Conference at Athenee Hotel Bangkok, Thailand   | 30 October 2018         |
|                            | 8. Nomura Tokyo CEO Forum at Hotel Chinzanso, Tokyo, Japan  | 4 to 5 December 2018    |
|                            | 9. 2019 Market outlook "Navigating Your Investment In A Chaotic World" by Spiral Thinker Alliance at Top Glove Tower, Setia Alam, Selangor  | 12 January 2019         |
|                            | 10. UBS: The Year Ahead Outlook 2019 at St Regis, Kuala Lumpur  | 24 January 2019         |
|                            | 11. Power up 3 "Top Glove Executive Leadership Development" at ICLIF Leadership & Governance Centre, Kuala Lumpur                           | 2 March 2019            |
|                            | 12. The Owners Forum Asia 2019 at Four Seasons Hotel, Singapore   | 14 to 15 March 2019     |
|                            | 13. Invest Malaysia at Shangri-La Hotel, Kuala Lumpur   | 19 to 20 March 2019     |
|                            | 14. ICLIF Senior Leadership Development Coaching Module 2: Enlist Coleaders: Influencing at Hotel Paradigm, Petaling Jaya, Selangor         | 20 April 2019           |
|                            | 15. Sharing Good Practices of BASF Talk at Top Glove Tower, Setia Alam, Selangor  | 23 April 2019           |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



(CONT'D)

| Directors  | Professional development programmes/seminars/forums/conferences attended   | Date   |                        |
|--|--|--|------------------------|
| Tan Sri Dr<br>Lim Wee Chai<br>(Cont'd)   | 16. ICLIF Senior Leadership Development Coaching Module 3: Developing Future Capabilities: Developing People at ICLIF Leadership & Governance Centre, Kuala Lumpur | 1 June 2019  |                        |
|  | 17. Stewardship Asia Roundtable at Shangri-La hotel, Singapore   | 4 June 2019  |                        |
|  | 18. Leadership Series Talk by Datuk Iain Lo at Top Glove Tower, Setia Alam, Selangor   | 9 July 2019  |                        |
|  | 19. Credit Suisse Market Outlook Seminar at St Regis, Kuala Lumpur   | 10 July 2019   |                        |
|  | 20. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor      | 2 August 2019  |                        |
|  | 21. ICLIF Senior Leadership Development Coaching (Module 4, Compelling Vision: Shared Visioning), ICLIF Leadership & Governance Centre, Kuala Lumpur               | 10 August 2019   |                        |
|  | 22. FMM CEO Forum at Dewan Tuanku Syed Putra USM, Pulau Pinang   | 5 September 2019   |                        |
|  | 23. 26 <sup>th</sup> CLSA Investors' Forum 2019 at Hong Kong   | 9 to 10 September 2019   |                        |
|  | 24. BNP Paribas Sustainable Future Forum 2019 at Parkroyal Pickering Hotel, Singapore  | 17 September 2019  |                        |
|  | 25. Tzu Chi Entrepreneur Camp at Tzu Chi, Kepong   | 5 to 6 October 2019  |                        |
|  | 26. Forbes Global CEO at Shangri-La Hotel, Singapore   | 14 to 16 October 2019  |                        |
|  | 27. UBS: Connected Event at Zurich, Switzerland  | 23 to 28 October 2019  |                        |
|  | Tan Sri Rainer Althoff   | 1. World Chinese Global Forum KL 2018 "Towards A Common Future: Enhancing New Opportunities In A Changing World", Hotel Palace of the Golden Horses Seri Kembangan, Selangor | 9 to 10 November 2018  |
|  |  | 2. HoT 2018 Conference, Perdana Hall, MITI Tower   | 13 to 14 November 2018 |
| 3. 2019 Malaysia Economic and Strategic Outlook Forum, Hotel Istana, Kuala Lumpur  |  | 29 January 2019  |                        |
| 4. Ring the Bell for Gender Equality 2019, Bursa Malaysia Berhad   |  | 14 March 2019  |                        |
| 5. Cyber Security in the Boardroom: Accelerating from Acceptance to Action, Hotel Grand Hyatt, Kuala Lumpur  |  | 27 June 2019   |                        |
| 6. SSM National Conference 2019: Future-Proofing Business in the Digital Age, Sunway Pyramid Convention Centre, Petaling Jaya, Selangor                      |  | 23 & 24 July 2019  |                        |
| 7. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor |  | 2 August 2019  |                        |
| 8. ITAP Singapore, Conference & Exhibition Industry 4.0  |  | 23 to 24 August 2019   |                        |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

| Directors              | Professional development programmes/seminars/forums/conferences attended   | Date                   |
|------------------------|--|------------------------|
| Puan Sri Tong Siew Bee | 1. 25 <sup>th</sup> CLSA Investors Forum at Hotel Grand Hyatt, Hong Kong   | 9 to 12 September 2018 |
|                        | 2. JP Morgan International Council Client Programme at Berlin, Germany   | 25 to 26 October 2018  |
|                        | 3. Forbes Global CEO Conference, Bangkok, Thailand   | 30 to 31 October 2018  |
|                        | 4. Stewardship Asia Roundtable at Shangri-La Hotel, Singapore  | 4 June 2019            |
|                        | 5. 高雄企业家大爱营队   | 24 to 28 July 2019     |
|                        | 6. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor | 2 August 2019          |
|                        | 7. FMM CEO Forum at Dewan Tuanku Syed Putra USM, Pulau Pinang  | 5 September 2019       |
|                        | 8. 26 <sup>th</sup> CLSA Investors' Forum 2019 at Hong Kong  | 9 to 10 September 2019 |
|                        | 9. Tzu Chi Entrepreneur Camp at Tzu Chi, Kepong  | 5 to 6 October 2019    |
|                        | 10. Forbes Global CEO at Shangri-La Hotel, Singapore   | 14 to 16 October 2019  |
| Dato' Lee Kim Meow     | 1. Face to Face 3.0 with VIP by KCCCI: How Top Glove Became the World Largest Manufacturer of Gloves, Top Glove Tower, Setia Alam, Selangor                  | 6 October 2018         |
|                        | 2. PEP Worldwide Asia Training, Top Glove Tower, Setia Alam, Selangor  | 23 October 2018        |
|                        | 3. Anti-Bribery & Anti-Corruption Conference, Istana Hotel, Kuala Lumpur   | 30 October 2018        |
|                        | 4. PEP Worldwide Asia Training, Top Glove Tower, Setia Alam, Selangor  | 22 November 2018       |
|                        | 5. Legal Talk by Izad Kazran & Co., Top Glove Tower, Setia Alam, Selangor  | 23 November 2018       |
|                        | 6. Whistle Blowing Training by TI Malaysia, Factory 9  | 6 December 2018        |
|                        | 7. ARGMA Dialogue, Bangkok   | 8 December 2018        |
|                        | 8. Personal Efficiency Program for Senior Management Staff, Top Glove Tower, Setia Alam, Selangor  | 3 January 2019         |
|                        | 9. Opening of Inspiration Art Exhibition 2019, The Ledge Art Gallery, One Utama, Petaling Jaya Selangor  | 5 January 2019         |
|                        | 10. World Customs Organization Certificate of Merit, Kompleks Kastam, Kelana Jaya, Selangor  | 26 January 2019        |
|                        | 11. Power Up Training - Module 1: Enterprise Leadership, Kuala Lumpur  | 2 March 2019           |
|                        | 12. Invest Malaysia, Shangri-La Hotel, Kuala Lumpur  | 19 to 20 March 2019    |
|                        | 13. MICG Training: Board Dynamics, Sime Darby Convention Centre, Kuala Lumpur  | 27 March 2019          |
|                        | 14. Power Up Training Module 2: Compelling Vision, New World Hotel, Petaling Jaya  | 20 April 2019          |
|                        | 15. Export Excellence Awards Petaling Jaya Roadshow: An Export Success Story by Top Glove, New World Hotel, Petaling Jaya                                    | 30 April 2019          |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

| Directors                      | Professional development programmes/seminars/forums/conferences attended  | Date                   |
|--------------------------------|---|------------------------|
| Dato' Lee Kim Meow<br>(Cont'd) | 16. Power Up Training Module 3: Developing Future Capabilities, ICLIF Leadership & Governance Centre  | 1 June 2019            |
|                                | 17. MRPMA Rubber Industry Conference 2019, Top Glove Tower, Setia Alam, Selangor  | 21 June 2019           |
|                                | 18. DIGI Anti-Corruption Program, DIGI  | 28 June 2019           |
|                                | 19. Talk on Top Glove's Integrity Practices, Menara Star Petaling Jaya  | 18 July 2019           |
|                                | 20. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor | 2 August 2019          |
|                                | 21. Power Up Training Module 4: Compelling Vision, ICLIF Leadership & Governance Centre   | 10 August 2019         |
|                                | 22. Power Up Training Module 5: Creativity & Innovation, ICLIF Leadership & Governance Centre   | 21 September 2019      |
|                                | 23. Ministry of Human Resource Town Hall Session with Glove Manufacturers, Bangunan Kementerian Sumber Manusia Putrajaya                                      | 4 October 2019         |
| Lim Hooi Sin                   | 1. International Rubber Glove Conference  | 4 September 2018       |
|                                | 2. China International Medical Equipment Fair   | 29 October 2018        |
|                                | 3. MEDICA Conference, Germany   | 13 November 2018       |
|                                | 4. Berkshire Hathaway Annual General Meeting & Investment Conference  | 2 May 2019             |
|                                | 5. Brazil Hospitalar, "Latin America Largest Medical Show & Conference"   | 20 May 2019            |
|                                | 6. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor  | 2 August 2019          |
|                                | 7. China International Medical Equipment Fair   | 19 October 2019        |
| Lim Cheong Guan                | 1. CLSA Investors Forum 2018, Hong Kong   | 9 to 12 September 2018 |
|                                | 2. UBS Malaysia Corporate Day 2018, Singapore   | 3 October 2018         |
|                                | 3. Nomura ASEAN Corporate Day, New York   | 12 to 16 November 2018 |
|                                | 4. Morgan Stanley Seventeenth Annual Asia Pacific Summit, Singapore   | 28 to 30 November 2018 |
|                                | 5. Nomura Investment Forum 2018, Tokyo, Japan   | 3 to 7 December 2018   |
|                                | 6. CIMB 11 <sup>th</sup> Annual Malaysia Corporate Day, Kuala Lumpur  | 3 to 4 January 2019    |
|                                | 7. CLSA Asean Forum, Bangkok  | 13 to 15 March 2019    |
|                                | 8. Invest Malaysia, Kuala Lumpur  | 19 to 20 March 2019    |
|                                | 9. Credit Suisse Asian Investment Conference, Hong Kong   | 25 to 28 March 2019    |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

| Directors                   | Professional development programmes/seminars/<br>forums/conferences attended   | Date                            |
|-----------------------------|--|---------------------------------|
| Lim Cheong Guan<br>(Cont'd) | 11. SGX-MKE Healthcare Corporate Day 2019, Singapore   | 14 May 2019                     |
|                             | 12. Daiwa Investment Conference 2019, New York   | 28 to 29 May 2019 & 31 May 2019 |
|                             | 13. ASEAN C-Suite Investor Conference 2019, Singapore  | 24 to 26 June 2019              |
|                             | 14. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor        | 2 August 2019                   |
|                             | 15. Macquarie Malaysia Macro And Policy Day, Kuala Lumpur  | 29 August 2019                  |
|                             | 16. Mizuho Investment Conference, Tokyo, Japan   | 2 to 6 September 2019           |
|                             | 17. CLSA Investors Forum 2019, Hong Kong   | 9 to 13 September 2019          |
| Dato' Lim Han Boon          | 1. Leadership Summit by Outsourcing Malaysia, Sheraton Petaling Jaya Hotel   | 13 November 2018                |
|                             | 2. Leadership in Industry 4.0 by Azran Osman –Rani of Ex Air Asia X CEO  | 17 January 2019                 |
|                             | 3. Ring the Bell for Gender Equality 2019, Bursa Malaysia Berhad   | 14 March 2019                   |
|                             | 4. CG Watch: How does Malaysia Rank? By Iclif in Lanai Kijang, Kuala Lumpur  | 3 May 2019                      |
|                             | 5. Cyber Security in the Boardroom: Accelerating from Acceptance to Action, Grand Hyatt Hotel, Kuala Lumpur  | 27 June 2019                    |
|                             | 6. Evening Talk: Signing the SPA, the point of no return By Izad Kaznan & Co in The MET show Gallery, Solaris Mont Kiara, Kuala Lumpur                               | 27 June 2019                    |
|                             | 7. Hypoxia and its effects on Health by Datuk Dr Syed Abdul Aziz Syed Zin Benyahya, Concorde Hotel, Kuala Lumpur   | 15 July 2019                    |
|                             | 8. My Cybersales Merchant Engagement Conference by PIKOM, TM Convention Centre, Kuala Lumpur   | 16 July 2019                    |
|                             | 9. Corporate liability on Corruption by STAR Media Group, Menara STAR, Petaling Jaya   | 18 July 2019                    |
|                             | 10. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor        | 2 August 2019                   |
|                             | 11. SME Leadership Conference by ETCEN, Mines 2, Seri Kembangan, Kuala Lumpur  | 20 August 2019                  |
|                             | 12. The Convergence of Digitalization & Sustainability by Bursa Malaysia, Security Commission Malaysia, Kuala Lumpur   | 23 August 2019                  |
|                             | 13. Directors Dialogue on Integrated Reporting <IR>, Auditorium, Level 3A, CCEC @ Nexus, Bangsar South City, Kuala Lumpur  | 11 September 2019               |
|                             | 14. Bursa Malaysia's Thought Leadership: Sustainability-Inspired Innovations: Enablers of the 21 <sup>st</sup> Century, Securities Commission Malaysia, Kuala Lumpur | 23 September 2019               |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

■■■■■■■■■■ (CONT'D)

| Directors                | Professional development programmes/seminars/forums/conferences attended  | Date                |
|--------------------------|---|---------------------|
| Sharmila Sekarajasekaran | 1. Exclusive Invitation to a Roundtable on the Climate Governance Initiative for Non-Executive Directors, Securities Commission Malaysia, Kuala Lumpur                                  | 8 November 2018     |
|                          | 2. 2019 Malaysia Economic and Strategic Outlook Forum, Hotel Istana, Kuala Lumpur   | 29 January 2019     |
|                          | 3. Ring the Bell for Gender Equality 2019, Bursa Malaysia Berhad  | 14 March 2019       |
|                          | 4. Cyber Security in the Boardroom: Accelerating from Acceptance to Action, Grand Hyatt Hotel, Kuala Lumpur   | 27 June 2019        |
|                          | 5. Recommendations of the Task Force on Climate-related Financial Disclosures, Bursa Malaysia, Kuala Lumpur   | 9 July 2019         |
|                          | 6. 4 <sup>th</sup> Top Glove Leadership Summit “Shaping the Future via Innovation, Digitalization and Humanization” at Top Glove Tower, Setia Alam, Selangor                            | 2 August 2019       |
|                          | 7. Financing the SDGS: Malaysian Private Sector Role in Bridging the Gap from Goals to Actions, Dewan Persidangan Parlimen, Kuala Lumpur  | 11 September 2019   |
|                          | 8. The Cooler Earth: Sustainability Summit, Kuala Lumpur Convention Centre  | 1 to 2 October 2019 |
| Datuk Noripah Kamso      | 1. Nomura Islamic Asset Management 10 <sup>th</sup> Anniversary Conference, Four Seasons Hotel, Kuala Lumpur  | 18 February 2019    |
|                          | 2. Board of Directors, Management & Stakeholders Workshop 2019, Cyberview, Cyberjaya  | 10 March 2019       |
|                          | 3. LeadWomen Power Lunch Special Guest, Orange Room Restaurant Rebung Chef Ismail   | 13 March 2019       |
|                          | 4. Ring the Bell for Gender Equality 2019, Bursa Malaysia Berhad  | 14 March 2019       |
|                          | 5. Lecturing in St Joseph University Beirut Lebanon, St Joseph University Beirut Lebanon  | 15 to 25 March 2019 |
|                          | 6. Invitation to Chairman and CEO: Bank Negara Malaysia Annual Report 2018 / Financial Stability and Payments Systems Report 2018 Briefing Session, Sasana Kijang, Bank Negara Malaysia | 27 March 2019       |
|                          | 7. World Halal Conference 2019 KL: Panelist Slot “Shaping A Sustainable Halal Ecosystem”, Malaysia International Trade and Exhibition Centre  | 4 April 2019        |
|                          | 8. FIDE Forum Dialogue with the Deputy Governor on the Draft Risk Management in Technology Policy, Sasana Kijang, Bank Negara Malaysia  | 8 April 2019        |
|                          | 9. Shariah Training for Board of Directors & Management Of Bank Rakyat, Bank Rakyat Twin Tower, Kuala Lumpur  | 30 April 2019       |
|                          | 10. ICLIF Invitation: “CG Watch: How Does Malaysia Rank?”, Multi Purpose Hall, Lanai Kijang, Kuala Lumpur   | 3 May 2019          |
|                          | 11. Taiwan Trip -Take A Stand: Delivering on the Global Goals Summit, Hilton Sinban, Taipei   | 19 to 26 May 2019   |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

| Directors                       | Professional development programmes/seminars/forums/conferences attended   | Date  |                 |
|---------------------------------|--|---|-----------------|
| Datuk Noripah Kamso<br>(Cont'd) | 12. FIDE Module A, JW Marriott, Kuala Lumpur   | 1 to 4 July 2019  |                 |
|                                 | 13. Invitation To Experiential Evolution 2025 (BR25) Workshop, Pullman Studio, Pullman Bangsar, Kuala Lumpur   | 17 July 2019  |                 |
|                                 | 14. Invitation To Executive Talk 1: National Anti-Corruption, Bank Rakyat Twin Tower, Kuala Lumpur   | 24 July 2019  |                 |
|                                 | 15. Invitation To Sustainability Talk 2019, Bank Rakyat Twin Tower, Kuala Lumpur   | 25 July 2019  |                 |
|                                 | 16. 4 <sup>th</sup> Top Glove Leadership Summit “ Shaping the Future via Innovation, Digitalization and Humanization” at Top Glove Tower, Setia Alam, Selangor | 2 August 2019   |                 |
|                                 | 17. Invitation to Communication Protocol and Ownership of BR25, Bank Rakyat Twin Tower, Kuala Lumpur   | 7 August 2019   |                 |
|                                 | 18. Invitation to Townhall: Future Banking Landscape, Bank Rakyat Twin Tower, Kuala Lumpur   | 13 August 2019  |                 |
|                                 | 19. Shariah Training for Board of Directors & Management of Bank Rakyat, Bank Rakyat Twin Tower, Kuala Lumpur  | 20 August 2019  |                 |
|                                 | 20. Invitation to Sustainability Talk 2019, Bank Rakyat Twin Tower, Kuala Lumpur   | 28 August 2019  |                 |
|                                 | 21. Invitation To Brown Bag Session, Bank Rakyat Twin Tower, Kuala Lumpur  | 28 August 2019  |                 |
|                                 | 22. BR25 Leadership Development Programme: Introductory Briefing by Baton Global   | 3 September 2019  |                 |
|                                 | 23. Integrity and Governance Unit Strategic Plan 2019-2021, TM Convention Centre, TM Tower, Kuala Lumpur   | 6 September 2019  |                 |
|                                 | 24. Shariah Championship Blueprint Workshop, Bank Rakyat Twin Tower, Kuala Lumpur  | 2 October 2019  |                 |
|                                 | 25. Power Round Table 1: UN Global Leaders Forum, Baillie Gifford & Co, Calton Square, Edinburgh, Scotland   | 7 to 8 October 2019   |                 |
|                                 | 26. Ethical Finance 2019 (EF2019), RBS Conference Centre 175 Glasgow Road, Edinburgh   | 8 to 10 October 2019  |                 |
|                                 | 27. International Shariah Roundtable, Marriott Hotel, Putrajaya  | 29 to 30 October 2019   |                 |
|                                 | Datuk Dr. Norma Mansor   | 1. IMF Global Financial Stability Report, Sasana Kijang Bank Negara Malaysia  | 15 October 2018 |
|                                 |  | 2. 2019 Post Budget Debate, TPC Kuala Lumpur  | 7 November 2018 |
|                                 |  | 3. AMRO-MEA Roundtable on the Malaysian Economy “Malaysia ~ Building a Resilient Future”, Sasana Kijang, Bank Negara Malaysia | 28 January 2019 |
|                                 |  | 4. Bank Negara Malaysia Governor’s Address, Sasana Kijang, Bank Negara Malaysia   | 27 March 2019   |



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

| Directors  | Professional development programmes/seminars/<br>forums/conferences attended   | Date  |                       |
|--|--|---|-----------------------|
| Datuk Dr Norma Mansor<br>(Cont'd)  | 5. IMF Regional World Economic Outlook & IMF Global Financial Stability Report, Sasana Kijang, Bank Negara   | 29 April 2019   |                       |
|  | 6. 20th Asian Association of Management Organisations "Toward High Impact Leadership", Intercontinental Kuala Lumpur   | 29 April 2019   |                       |
|  | 7. Demystifying the Diversity Conundrum: The Road to Business Excellence, Securities Commission Malaysia   | 12 June 2019  |                       |
|  | 8. Malaysia Economic Convention 2019, Eastin Hotel, Petaling Jaya  | 17 to 18 June 2019  |                       |
|  | 9. Asia Economic and Entrepreneurship Summit "The Future of Asia in a New Era of Disruption and Trade Wars", Hotel Palace of the Golden Horses, Seri Kembangan, Selangor | 20 June 2019  |                       |
|  | 10. Economic Roundtable, Sime Darby Convention Centre  | 25 July 2019  |                       |
|  | 11. AMEU Economics Summit 2019 "The Malaysian Economy: Awakening the Asian Tiger", Sunway University, Bandar Sunway  | 10 August 2019  |                       |
|  | 12. Bursa Malaysia's Thought Leadership: Sustainability-Inspired Innovations: Enablers of the 21 <sup>st</sup> Century, Securities Commission Malaysia                   | 23 September 2019   |                       |
|  | 13. Khazanah Megatrends Forum 2019, Mandarin Oriental Hotel, Kuala Lumpur  | 7 October 2019  |                       |
|  | Tay Seong Chee, Simon  | 1. NUS Parademic Legal Update Seminar Series, WongPartnership's Office Singapore  | 9 September 2019      |
|  |  | 2. The Inaugural ISDS @ Singapore Public Conference Dimensions of Legitimacy in Investor-State Dispute Settlement organised by NUS @ the NUS Law (Bukit Timah Campus) | 13 September 2019     |
|  | Azrina Arshad  | 1. 2019 Malaysia Economic and Strategic Outlook Forum, Hotel Istana, Kuala Lumpur   | 29 January 2019       |
|  |  | 2. Introduction to Corporate Directorship, Pullman Kuala Lumpur, Bangsar  | 29 to 30 January 2019 |
| 3. Business Transformation ~ Going to the Next Performance Level, Seri Pacific Hotel, Kuala Lumpur   |  | 4 April 2019  |                       |
| 4. MIA's Engagement Session with Audit Committee Members on Integrated Reporting, Commission Conference & Events Centre @ Nexus, Kuala Lumpur                |  | 30 April 2019   |                       |
| 5. 4 <sup>th</sup> Top Glove Leadership Summit "Shaping the Future via Innovation, Digitalization and Humanization" at Top Glove Tower, Setia Alam, Selangor |  | 2 August 2019   |                       |
| 6. The Cooler Earth: Sustainability Summit, Kuala Lumpur Convention Centre   |  | 1 to 2 October 2019   |                       |
| 7. Climate Change Conversations Forum ~ Future of Corporations: Climate Change Risks & Opportunities, Kuala Lumpur Convention Centre                         |  | 9 October 2019  |                       |

## Succession Planning

The Board with the assistance of BNRC is responsible for succession planning for the Executive Chairman, Managing Director, Executive and Non-Executive Directors and Key Senior Management (“Key Business Leaders”). The succession planning is to ensure the stability and accountability of the Group by preparing for an eventual permanent change in leadership, either planned or unplanned, so as to ensure continuity support in operation and service when the above Key Business Leaders leave their positions. The Board had updated and adopted a Succession Planning Policy in June 2019 to reflect the current structure and practice of the Group.

The Succession Planning Policy is made available on the Company’s website: <https://www.topglove.com/corporate-governance/>.

## Ethical Standards, the Codes and Policy

The Company has adopted the Directors’ Code of Conduct and Ethics (“Directors’ Code”) with the aims to encourage high standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors as well as to foster standards to protect and promote the interests and maintain the confidence of all shareholders and stakeholders. Directors’ Code was updated and adopted in June 2019.

As part of the enforcement, Directors are required to submit their declaration adhering and observing to the provisions in the Directors’ Code annually.

The Directors’ Code is made available on the Company’s website: <https://www.topglove.com/corporate-governance/>.

Employees’ Code of Conduct (“Employees’ Code”) is a manual applicable to employees of Top Glove and the Group. It guides the employee’s conduct in the workplace, business conduct when dealing with external parties, key issues such as bribery, conflict of interests, insider trading as well as data integrity and retention. The Employees’ Code is disseminated to the Group’s employees through its intranet.

The Employees’ Code is made available on the Company’s website: <https://www.topglove.com/corporate-governance/>.

As part of robust integrity policies to prevent bribery and corruption, the Integrity Unit was established to implement and maintain Top Glove’s Anti-Bribery Management System. The Company has obtained the ISO37001 Anti-Bribery Management System in 2017 and is the first company from private sector in Malaysia to be certified by SIRIM.

The Integrity Unit works hand-in-hand with the Top Glove Prevention and Anti-Corruption Committee and Whistleblowing Committee to uphold the anti-corruption principles in the conduct of business and interactions with business partners and government as well as to promote an anti-corruption mind set and instil honest and transparent practices among its employees.

In relation thereto, the Board has put in place (i) Gift Policy and Procedure for receiving and offering gifts, hospitality and entertainment, (ii) Anti-Bribery & Anti-Corruption Policy and Procedure (<https://www.topglove.com/anti-corruption/>) and (iii) Whistleblowing Policy and Procedure (<https://www.topglove.com/whistle-blowing/>), to further strengthen, support good management and at the same time demonstrate accountability, good risk management and sound corporate governance practice.

Any concerns raised will be managed by the Whistle-blowing Committee and the Investigation Squad will do thorough investigation before a report and updates are provided to the Board, through the BAC.

Whistle-blowers may write to the BAC to communicate on any information about fraudulent actions and breaches of ethics directly and anonymously to [whistleblower2acm@topglove.com.my](mailto:whistleblower2acm@topglove.com.my).

## Board Mix and Skillsets Matrix

The Board is ultimately responsible for the oversight and review of the management, administration, compliance, risk and governance of Top Glove. Consequently, the Board has been evaluated based on the following matrix, which captured the skillsets of the Board members which it believes are critical to succeeding in its objectives.

The Board presently possesses the following blend of skills, which are the appropriate mix of skills and experience required for the Board:

- (a) Corporate Governance, Legal Compliance, Risk Management and Controls
- (b) Financial, Capital Market and Investment
- (c) Strategy Development and Implementation
- (d) Human Resource/ Talent Management
- (e) Health, Safety and Environment
- (f) Market Development

The BNRC will review the desired skill sets to ensure alignment with the objectives, strategic direction and emerging challenges faced by the Company. The skills matrix is essential as an indicator of the skills and experience each individual Director can contribute to the Board and Board Committees. It also serves as a guidance for Board succession planning and Board training and development.

### Board Membership Criteria

In reviewing and recommending to the Board of any new Director appointment, the BNRC considers:

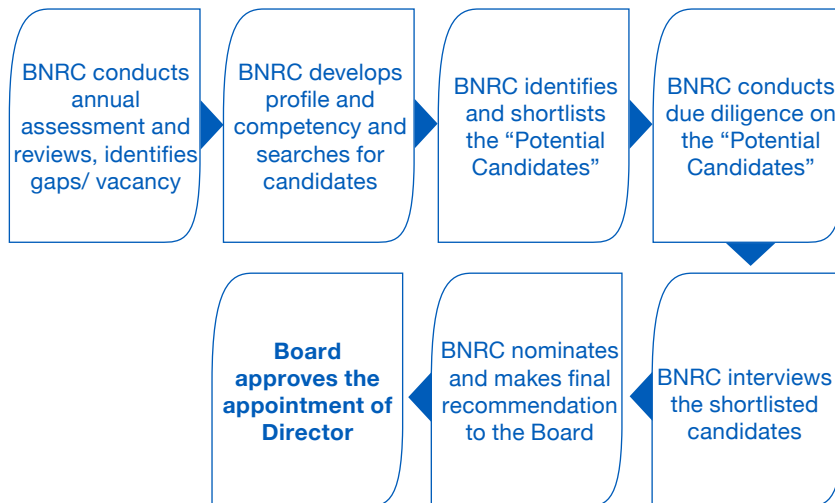
- (a) Age, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other factors which would contribute to the Board’s collective skills;
- (b) Competing time commitments if the candidate has multiple board representations;
- (c) Composition requirements for the Board and Board Committees; and
- (d) Independence, for the appointment of an INED.

### Boardroom Appointments

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process.

Review of candidates for Board’s appointment has been delegated to the BNRC. The BNRC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skillsets, expertise and experience.

Top Glove’s Boardroom appointment process is as follows:



### Board Induction/ Orientation Programme

The Board’s Induction/ Orientation is a programme co-ordinated by the Company Secretaries together with the Executive Director and head of business units with the objectives of providing newly appointed Directors the necessary information and overview to assist them in understanding the operations, corporate strategies, current issues and challenges, structure and the management of the Company, as well as on-site briefings or site visits for better understanding of the operations aspect of the Company.

## Board, Board Committees and Individual Director Assessment

The Board undertakes annual evaluation for the FY2019 via an Online Assessment System to review their own performance, the effectiveness of the Board as a whole, the contribution of each individual Director and Peers, independency of INED and the Board's mix and skillset. With the assistance from BNRC, the Board has examined and re-skilled the current Board with the right mix of skills and experience in the Top Glove's journey to be a Fortune Global 500 Company.

The assessment of the Board covers areas such as the Board structure, operation, roles and responsibilities, Chairman's roles and responsibilities and the performance of the Board Committees. For Self and Peer Assessments, the assessment criteria have included Board interaction and contribution, quality of input to the Board and Directors' calibre and personality.

As for the BAC, an effective evaluation as a whole and member self and peer evaluation, Internal Audit function and the External Auditors performance and independence, were assessed. The assessment criteria include the quality and composition, skills and competencies, meeting administration and conduct, the effectiveness of Internal Audit function and the quality, performance, independency and the adequacy of audit scope of External Auditors.

BNRC conducts review annually on its required mix of skills and experience and other qualities, including core competencies in which the Directors should bring to the Board.

The BNRC is entrusted with the responsibility of carrying out annual Board Effectiveness Evaluation, the annual BAC's term of office and performance evaluation and to authorise the evaluation process to ensure it meets the objectivity, including to review and approve all the evaluation forms/ questionnaires, review the results of the evaluation and finally to convey the results to the respective parties for improvement and enhancement.

The evaluations were facilitated by the Company Secretaries making references to the guides available and the good corporate governance compliance companies.

The results of the evaluations indicated that the Board comprised highly competent Directors and has been effective in discharging its oversight responsibilities. The suggested areas for improvement were in respect of succession planning for the Board Committees and its Chairman. The results and comments from the Directors, concerning the Board as a whole and the general performance of the Directors, were also presented to the Board upon reviewed by the BNRC and the BNRC had also made its recommendations to the Board.

## Time Commitment

Paragraph 15.06 of Bursa Securities Main LR provides that a Director of a listed company must not hold more than five (5) directorships in listed companies.

Save for the Executive Chairman, Tan Sri Dr Lim Wee Chai, who was appointed as Chairman (Non-Independent Non-Executive) of Tropicana Corporation Berhad, none of the Executive Directors of the Company serve as a Director of other listed companies.

## Key Information on Directors

A brief description of the background of each Director is presented on pages 10 to 17 of this Annual Report. The Directors proposed for re-election are stated in the Notice of AGM.

No alternate Director has been appointed in respect of any of the Directors, during the FY2019.

## Greater Transparency on Remuneration

A Remuneration Policy was updated by the Board in June 2019 to reflect the current component of the remuneration packages and current structure of the Board and Senior Management. The Remuneration Policy comprised remuneration guiding principles, remuneration framework as well as remuneration procedures. The remuneration of Executive Chairman, Executives Directors and Key Senior Management is determined based on amongst others, their scope of duty, responsibilities, skills and experience, corporate and individual performances and achievement of annual key performance indicators as well as prevailing market practice and economic situation. The remuneration of INED and NINED is determined based on experience and level of responsibilities undertaken, extent of contributions, effort and time spent, number of committees served as well as prevailing market practice and economic situation.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)



The Company rewards its employees and the Executive Directors with options under the Employees' Share Option Scheme ("ESOS") and shares under the Employees' Share Grant Plan ("ESGP"). The Executive Directors are not entitled to receive meeting allowances for the Board and Board Committees meetings they have attended. The details of the vesting of options under the ESOS and awards of shares under the ESGP are set out on pages 126 to 127 of this Annual Report under the Directors' Report of the Audited Financial Statements for the FY2019.

Whereas, the Non-Executive Directors are entitled to receive meeting allowances for the Board and Board Committees meetings they have attended but are not entitled to participate in the ESOS and ESGP save for the NINED.

The details of the Directors' remuneration comprising remuneration received/ receivable from the Company and subsidiaries respectively in FY2019 are as follows:

The details remuneration of Directors categorised into appropriate components are as follows:

## (i) Received from Top Glove

|  | Salaries<br>RM   | Fees<br>RM       | Bonus<br>RM    | ESGP<br>RM    | ESOS<br>RM     | Other<br>Emolument<br>RM | Benefit-<br>in-kind<br>RM | Total<br>RM           |
|--|------------------|------------------|----------------|---------------|----------------|--------------------------|---------------------------|-----------------------|
| <b>Executive Directors</b>                             |                  |                  |                |               |                |                          |                           |                       |
| 1. Tan Sri Dr <u>Lim</u> Wee Chai                      | 2,416,442        | 125,000          | 176,010        | 97,650        | 294,896        | 373,529                  | 40,487                    | <b>3,524,014</b>      |
| 2. Dato' Lee Kim Meow                                  | -                | 87,000           | -              | -             | -              | -                        | -                         | <b>87,000</b>         |
| 3. Lim Hooi Sin  | -                | 77,000           | -              | -             | 173,368        | -                        | -                         | <b>250,368</b>        |
| 4. Lim Cheong Guan                                     | 565,271          | 77,000           | -              | -             | 120,328        | 91,899                   | 19,380                    | <b>873,878</b>        |
| <b>Non-Executive Directors</b>                         |                  |                  |                |               |                |                          |                           |                       |
| 5. Dato' Lim Han Boon                                  | -                | 103,900          | -              | -             | -              | 38,250                   | -                         | <b>142,150</b>        |
| 6. Tan Sri Rainer Althoff                              | -                | 83,800           | -              | -             | -              | 28,250                   | -                         | <b>112,050</b>        |
| 7. Datuk Noripah Kamso                                 | -                | 93,100           | -              | -             | -              | 36,750                   | -                         | <b>129,850</b>        |
| 8. Sharmila Sekarajasekaran                            | -                | 88,100           | -              | -             | -              | 30,750                   | -                         | <b>118,850</b>        |
| 9. Tay Seong Chee, Simon*                              | -                | SGD<br>78,250    | -              | -             | -              | SGD<br>1,398             | -                         | <b>SGD<br/>79,648</b> |
| 10. Datuk Dr. Norma Mansor                             | -                | 87,300           | -              | -             | -              | 31,750                   | -                         | <b>119,050</b>        |
| 11. Azrina Arshad<br>(Appointed on 8 January 2019)     | -                | 56,400           | -              | -             | -              | 8,000                    | -                         | <b>64,400</b>         |
| 12. Tan Sri Arshad Ayub<br>(Retired on 8 January 2019) | -                | 43,200           | -              | -             | -              | 19,750                   | -                         | <b>62,950</b>         |
| <b>Non-Independent<br/>Non-Executive Director</b>      |                  |                  |                |               |                |                          |                           |                       |
| 13. Puan Sri Tong Siew Bee                             | -                | 77,800           | -              | -             | -              | 1,250                    | -                         | <b>79,050</b>         |
| <b>Total</b>   | <b>2,981,713</b> | <b>1,237,503</b> | <b>176,010</b> | <b>97,650</b> | <b>588,592</b> | <b>664,428</b>           | <b>59,867</b>             | <b>5,805,763</b>      |

Note: \*Mr. Tay Seong Chee, Simon's Director's fees and other emolument were received or receivable in Singapore Dollar.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## (ii) Received on Group Basis

|  | Salaries<br>RM   | Fees<br>RM       | Bonus<br>RM    | ESGP<br>RM     | ESOS<br>RM     | Other<br>Emolument<br>RM | Benefit-<br>in-kind<br>RM | Total<br>RM           |
|--|------------------|------------------|----------------|----------------|----------------|--------------------------|---------------------------|-----------------------|
| <b>Executive Directors</b>                             |                  |                  |                |                |                |                          |                           |                       |
| 1. Tan Sri Dr <u>Lim</u> Wee Chai                      | 2,416,442        | 125,000          | 176,010        | 97,650         | 294,896        | 373,529                  | 40,487                    | <b>3,524,014</b>      |
| 2. Dato' Lee Kim Meow                                  | 654,988          | 87,000           | -              | 39,990         | 100,800        | 92,477                   | 22,486                    | <b>997,741</b>        |
| 3. Lim Hooi Sin  | 749,521          | 77,000           | 62,115         | -              | 173,368        | -                        | -                         | <b>1,062,004</b>      |
| 4. Lim Cheong Guan                                     | 565,271          | 77,000           | -              | -              | 120,328        | 91,899                   | 19,380                    | <b>873,878</b>        |
| <b>Non-Executive Directors</b>                         |                  |                  |                |                |                |                          |                           |                       |
| 5. Dato' Lim Han Boon                                  | -                | 103,900          | -              | -              | -              | 38,250                   | -                         | <b>142,150</b>        |
| 6. Tan Sri Rainer Althoff                              | -                | 83,800           | -              | -              | -              | 28,250                   | -                         | <b>112,050</b>        |
| 7. Datuk Noripah Kamso                                 | -                | 93,100           | -              | -              | -              | 36,750                   | -                         | <b>129,850</b>        |
| 8. Sharmila Sekarajasekaran                            | -                | 88,100           | -              | -              | -              | 30,750                   | -                         | <b>118,850</b>        |
| 9. Tay Seong Chee, Simon*                              | -                | SGD<br>78,250    | -              | -              | -              | SGD<br>1,398             | -                         | <b>SGD<br/>79,648</b> |
| 10. Datuk Dr. Norma Mansor                             | -                | 87,300           | -              | -              | -              | 31,750                   | -                         | <b>119,050</b>        |
| 11. Azrina Arshad<br>(Appointed on 8 January 2019)     | -                | 56,400           | -              | -              | -              | 8,000                    | -                         | <b>64,400</b>         |
| 12. Tan Sri Arshad Ayub<br>(Retired on 8 January 2019) | -                | 43,200           | -              | -              | -              | 19,750                   | -                         | <b>62,950</b>         |
| <b>Non-Independent<br/>Non-Executive Director</b>      |                  |                  |                |                |                |                          |                           |                       |
| 13. Puan Sri Tong Siew Bee                             | 180,208          | 77,800           | 7,870          | -              | 15,344         | 15,416                   | 35,200                    | <b>331,838</b>        |
| <b>Total</b>   | <b>4,566,430</b> | <b>1,237,503</b> | <b>245,995</b> | <b>137,640</b> | <b>704,736</b> | <b>771,071</b>           | <b>117,553</b>            | <b>7,780,928</b>      |

Note: \*Mr. Tay Seong Chee, Simon's Director's fees and other emolument were received or receivable in Singapore Dollar.

## Board Committees

The following Board Committees were established to support and strengthen the Board:

- BAC, details as stated on pages 117 to 120 of this Annual Report.
- BRMC, details as stated on pages 114 to 116 of this Annual Report.
- BNRC, details as stated below.
- BIC, details as stated below.
- BSC, details as stated below.

### • BNRC

The composition of the BNRC is as follows:

- (1) Datuk Dr Norma Mansor ~ Chairman
- (2) Dato' Lim Han Boon ~ Member
- (3) Datuk Noripah Kamso ~ Member
- (4) Sharmila Sekarajasekaran ~ Member

The Board through the BNRC reviewed its required mix of skills and experience and other qualities, including core competencies in which the Director should bring to the Board. The Board has also implemented a process to be carried out by the BNRC annually for continuous assessment and feedback to the Board on the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. During the deliberation of the performance of a particular Director who is also a member of the BNRC, that member abstains from the discussions in order to avoid any conflict of interest.

During the FY2019, the BNRC met five (5) times and the following key activities were deliberated:

- (a) Discussed and recommended the appointment of Independent Non-Executive Director of the Company.
- (b) Reviewed the existing composition of the Board and Board Committees, benchmarked with Top 30 Bursa company.
- (c) Reviewed the existing Board and Board Committees' size and skills matrix so as to align with the strategic direction of the Company.
- (d) Discussed on the need of the Board Sustainability Committee formation, its terms of reference and sustainability blueprint/framework and then recommended to the Board for approval.
- (e) Discussed the Tenure Policy for Independent Director and then recommended to the Board for approval so as to be aligned with best practices under MCCG.
- (f) Reviewed the future organisation chart of the Group in line with the Company's new Vision and Mission and strategic direction.
- (g) Reviewed the proposal to re-designate the existing Executive Director to Non-Independent Non-Executive Director due to change of role to non-execution function.
- (h) Discussed and reviewed the need of setting up the Top Glove International Advisory Council and put forth its recommendation to the Board.
- (i) Reviewed the fees and benefits payable to Non-Executive Directors for the FY2019, benchmarked with industry survey and then recommended to the Board for approval.
- (j) Discussed the training needs and Directors' Continuous Education programme and formulation of Directors Training Policy.
- (k) Deliberated on the findings of the Board's and Board Committees' assessments and reported the findings to the Board.
- (l) Recommended the re-election and re-appointment of Directors at the forthcoming AGM.
- (m) Reviewed and recommended the amendments made in the Board Charter, Manual and Policies to reflect the latest development of the rules and regulations and best practices.

## • **BIC**

The BIC was established to provide guidance on the fund investment decision of the Company. The existing members of BIC consist of the following:

- (1) Tan Sri Dr Lim Wee Chai ~ Chairman
- (2) Dato' Lim Han Boon ~ Member
- (3) Datuk Noripah Kamsu ~ Member
- (4) Lim Cheong Guan ~ Member
- (5) Azrina Arshad ~ Member

For the FY2019, the IC met twice and resolved the following key activities:

- (a) Reviewed the Bond investment portfolios of the Company to ensure the target yield is achieved.
- (b) Review on the overseas investment and potential of listing of overseas subsidiary.
- (c) Briefed on the global market outlook by bankers.
- (d) Revised its Terms of Reference whereby the scope and function of BIC also covers to review any proposed investments and divestments (i.e. new merges & acquisition and large capital expenditure projects) including the funding requirements.

## • **BSC**

The Board recognised the importance of adopting a sound business model which incorporating economic, environmental and social, governance and financial considerations, the Board had in March 2019 set up the BSC to support the Company's business continuity and competitiveness.

The main function of BSC is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's sustainability strategy and initiatives covering environmental, social and economical aspect as well as embedding sustainability practices into the businesses.

The member of BSC consist of the following :

- (1) Sharmila Sekarajasekaran ~ Chairman
- (2) Dato' Lim Han Boon ~ Member
- (3) Puan Sri Tong Siew Bee ~ Member
- (4) Datuk Noripah Kamso ~ Member
- (5) Tay Seong Chee, Simon ~ Member
- (6) Azrina Arshad ~ Member

BSC has had its first meeting in June 2019 of which the issue on the Company's sustainability initiatives were reviewed and discussed in details during the meeting.

The Committee also agreed on the following Sustainability Vision and Mission:

- (i) Sustainability Vision : To be a responsible global citizen and leader in enhancing value and improving the quality of life via sustainability initiatives.
- (ii) Sustainability Mission : To create long term value for our stakeholders and the environment by integrating sustainability considerations throughout our business operations and social practices.

The details of the sustainability activities of the Group are set out on pages 49 to 79] of this Annual Report under the Sustainability Statement.

#### • **ESOS Committee**

The ESOS III which was duly implemented with effect from 1 June 2018 remain enforced. The new ESOS Committee appointed by the Board on 10 October 2018 continued to oversee the administration as well as to ensure proper implementation of ESOS according to the By-laws of ESOS. The composition of the ESOS Committee which comprised majority INEDs, as below, remain unchanged :

- (1) Tan Sri Dr Lim Wee Chai ~ Chairman
- (2) Lim Cheong Guan ~ Member
- (3) Lim Jin Feng ~ Member
- (4) Dato' Lim Han Boon ~ Member
- (5) Datuk Noripah Kamso ~ Member
- (6) Datuk Dr Norma Mansor ~ Member
- (7) Sharmila Sekarajasekaran ~ Member

During the FY2019, the ESOS Committee had considered and approved the options offer factors under the ESOS to the eligible employees of the Group.

#### • **ESGP Committee**

The ESGP which was duly implemented with effect from 12 January 2016 remain enforced. The new ESGP Committee appointed by the Board on 10 October 2018 continued to oversee the administration as well as to ensure proper implementation of ESGP according to the By-laws of ESGP. The composition of the ESGP Committee which comprised majority INEDs, as below, remain unchanged :

- (1) Tan Sri Dr Lim Wee Chai ~ Chairman
- (2) Lim Cheong Guan ~ Member
- (3) Lim Jin Feng ~ Member
- (4) Dato' Lim Han Boon ~ Member
- (5) Datuk Noripah Kamso ~ Member
- (6) Datuk Dr Norma Mansor ~ Member
- (7) Sharmila Sekarajasekaran ~ Member

During the FY2019, the ESGP Committee had considered and approved the award factors under the ESGP to the eligible employees of the Group.

#### **Senior Management Team**

During FY2019, the Board has approved the formation of the Executive Committee ("EXCO") helmed by the Executive Chairman serving as Chairman of the EXCO. As the Board is not involved in the day-to-day operations, the formation of EXCO is to (i) ensure that the Board's decision, strategies set, business plans, budgets, policies, procedures, daily business and operational issues are implemented so as to achieve the Company's objective of delivering long term shareholders value creation; (ii) provide direction and guidance to and overseeing the Group management's performance; and (iii) facilitate faster decision-making relating to important strategic and major operational issues faced by the Group.



The EXCO members comprises four (4) Executive Directors and three (3) Senior Executives of the Group. The EXCO is scheduled to meet bi-monthly and after the EXCO meeting, the Chairman of the EXCO will present recommendations and information to the Board to facilitate informed decisions on major issues by the Board.

The Board has unrestricted access to any information pertaining to the Group and any assistance of the senior management team. The senior management team would be invited to attend the Board meeting and the Board Committees' meetings as and when required and to provide explanations or clarifications on their respective areas of responsibility.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Strengthen the independence and effectiveness of the BAC

The Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in its financial statements. To ensure this, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This also helps to safeguard the preparation of annual financial statements which present a true and fair view of the state of affairs of the Group and the Company at the reporting dates.

The Board is also committed to ensure that it presents a balanced and comprehensive assessment of the operations and financial results of the Group on a quarterly basis. It releases the quarterly financial report upon the Board's approval and in any event not later than two (2) months after the end of each quarter of its financial year for public announcement together with the required disclosure of Bursa Securities Main LR.

These quarterly reports are published in a condensed format with full financial statements prepared.

The BAC was established to assist the Board in overseeing the Group's activities within its clearly defined TOR.

The Directors' Responsibility Statement for the Audited Financial Statements of the Company is set out on page 121 of this Annual Report. The details of the Company and the Group's Audited Financial Statements for the FY2019 are made available on pages 123 to 227 of this Annual Report.

The BNRC shall review the term of office and performance of the BAC and each of its members annually to determine whether such BAC and its members have carried out their duties in accordance with their TOR.

The Board has full access to both Internal and External Auditors and receives reports on all audits performed by them via the reports made by BAC in Board meetings.

### External Auditors and its Independence

The BAC maintains a transparent and professional relationship with the External Auditors of the Company.

The BAC is assigned to assess, review and supervise the performance, suitability and independence of the External Auditors. An External Auditors Assessment Policy was updated by the BAC in June 2019 which outlined the guidelines and procedures for the BAC to assess and review the External Auditors.

The BAC invites the External Auditors to attend all its meetings as and when required. The External Auditors had met the BAC six (6) times during the reporting year. During the meetings, the External Auditors highlighted and discussed the nature, scope of the audit, audit programme, internal controls and issues that required the attention of the BAC or the Board.

The BAC had met with the External Auditors separately without the presence of Executive Directors and Management twice during the FY2019 on any matter relating to the Group and its audit activities.

The External Auditors Assessment Policy adopted by the Company restricts the type of non-audit services that can be provided by the External Auditors of the Group and the approval process related to them. Under this Policy, only non-audit services which are able to provide clear efficiencies and value-added benefits to the Group are accepted by the BAC. The External Auditors Assessment Policy in place also ensures the External Auditors' independence and the provision of non-audit works does not impede the External Auditors' audit works.

The BAC remains confident that the objectivity and independence of the External Auditors are not in any way impaired by reason of the non-audit services provided to the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



■■■■■■■■■■ (CONT'D)

The External Auditors have confirmed to the BAC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice).

Details of statutory audit, audit-related and non-audit fees paid/payable in the FY2019 to the External Auditors are set out below:

| Type of Fees            | Top Glove (RM) | Top Glove Group (RM) |
|-------------------------|----------------|----------------------|
| (a) Audit fees          | 80,000         | 317,000              |
| (b) Non-Audit fees      | 142,000        | 572,000              |
| (c) Tax compliance fees | -              | 57,000               |
| <b>Total:</b>           | <b>222,000</b> | <b>946,000</b>       |

The BAC comprises four (4) members, all of whom are Independent Non-Executive Directors, which met the requirements of Paragraphs 15.09(1)(a) and (b) of Bursa Securities Main LR.

The Chairman of BAC, Dato' Lim Han Boon, is a member of the Malaysian Institute of Accountants, the Chartered Management Institute, UK and fellow of the Association of Chartered Certified Accountants, UK, fulfilled the financial expertise as required by Bursa Securities Main LR. He also has vast working experience in areas of corporate finance.

Datuk Noripah Kamso, a member of BAC, has vast experience in the Banking and Investment industry. Datuk Noripah has been appointed as the new Chairman of Bank Kerjasama Rakyat Malaysia Berhad effective 6 December 2018. She was the former Advisor of CIMB Islamic and the founding Chief Executive Officer of CIMB-Principal Islamic Asset Management Sdn Bhd. She was also the Past President of the Malaysian Futures Brokers Association (MFBA). She was formerly a Global Practitioner in Residence in Principal Financial Group Centre for Global Citizenship, United States of America.

Ms. Sharmila Sekarajasekaran, the member of BAC, was in legal practice for many years, and joined the RIM Group in year 2005 and held various positions in the RIM Group.

Puan Azrina Arshad, who joined the Board in January 2019 was appointed as new member of BAC. She is an architect by profession and has been working in various capacities in several architectural firms.

In FY2019, the BAC had met seven (7) times, two (2) of which were the meeting with External Auditors, without Executive Directors and Management's presence and one (1) of which was a meeting with Internal Auditors, without the presence of Executive Directors and Management. The Executive Directors, Head of Internal Audit, senior management, External Auditors, other Board members and the Company Secretary will attend the meetings upon invitation by the BAC.

During the FY2019, the BAC had constantly engaged with the External Auditors and the Head of Internal Audit to keep abreast with the key audit issues and audit concerns affecting the Company.

## Related Party Transactions

A Related Party Transaction ("RPT") Policy was adopted in June 2016 and then updated in June 2019. The objective of this Policy is to provide an avenue for employees to understand the policies and procedures that need to be adhered to in identifying and treating RPT to ensure compliance with Bursa Securities Main LR and other applicable laws. The said Policy outlines the framework and processes for purposes of identifying, monitoring, evaluating, reporting and approving the RPTs and recurrent related party transactions ("RRPTs"). It also serves as a guide to the BAC and Board in discharging its role, which is to provide oversight over RPTs and RRPTs within the Group.

Significant RPTs of the Group for the FY2019 are set out on page 207 of this Annual Report. The BAC had reviewed the RPTs that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interests of the Company.

## Facilitate objective oversight by the Board

Minutes of each BAC meeting is noted by the Board via distribution to each Board member and the Chairman of the BAC highlights on key issues at each Board meeting.

The performance and effectiveness of BAC would be assessed annually through BAC evaluation and BAC self and peer's evaluation conducted by the BAC and BNRC reviews the results of such assessments. The BNRC reviews the term of office and performance of the BAC members annually. During the FY2019, the Board is satisfied that the BAC and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of the BAC.

## Dedicated BRMC

The Board and Management have embarked on the risk management culture and endeavour to ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board undertakes to conduct regular risk awareness sessions at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.

The Board is responsible for identifying principal risks and ensures the implementation of a dynamic system to manage risk exposure within the acceptable level of tolerance. To fulfil its oversight responsibility, the Board, as a whole or through delegation to the BRMC reviews the adequacy and integrity of the Group's risk management system which encapsulates the key processes of risk identification, assessment, mitigation, monitoring and reporting.

## Ensure the Internal Audit function is effective and independent

The Internal Audit function is carried out by the Internal Audit Department headed by Mr Lim Lung Fui @ Jack, a member of Malaysian Institute of Accountants, who reports directly to the BAC. The principal objective of the Internal Audit Department is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and satisfactory. Its role is to provide the BAC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The BAC reviews and approves the Internal Audit plan of the Group submitted by the Head of Internal Audit.

During the FY2019, the areas audited included audits of various departments which covered all the factories and subsidiaries within the Group. Internal Audit reports were issued to the BAC regularly and tabled in the quarterly BAC meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and Management's responses with regard to any audit finding on the weaknesses in the systems and controls of the operations. The Internal Audit Department conducts follow up audit to ensure the agreed audit recommendations were implemented appropriately.

## PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Having regular and transparent communication with stakeholders

#### • Corporate Disclosure

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full year results within the mandatory period. The financial statements and press releases including material and price sensitive information are disseminated and publicly released via Bursa LINK on a timely basis to ensure effective dissemination of information relating to the Group.

The Board has formalised a set of Corporate Disclosure Policy to ensure that communications to the public regarding the Group are timely, factual, accurate and complete. The said Policy outlines the central principles and practices in communicating with the investors, shareholders, medias and regulators.

#### • Effective Dissemination of Information

An effective communication channel between the Board, stakeholders, institutional investors and the investing public at large is essential to provide a clear and complete picture of the Group's performance and development, in a comprehensive, timely and continuing disclosure manner. Essentially, the Board is fully committed in maintaining a high standard in the dissemination of relevant and material information on the development of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

 (CONT'D)

The Company has always been providing as much information on a voluntary basis in addition to complying with Bursa Securities Main LR through media releases. The Board is mindful of the legal and regulations governing the release of material and sensitive information so as not to mislead shareholders. Therefore, information that is price-sensitive or any undisclosed material information about the Group is not disclosed to any party until it is ready for simultaneous distribution.

The Company has been using the following formal channels to communicate with shareholders and stakeholders:

- **Annual Report**

The Annual Report remains a major channel of communication disclosing information not only on the Group's businesses, financials and additional information such as the Company's mission and vision, but also on operations performance, outlooks and senior management team. The Board constantly improves the contents of the Annual Report to incorporate developments, among others, in corporate governance and reports of Board Committees and ensures the accuracy of the information as the Annual Report is a vital and convenient source of essential information for investors, shareholders and other stakeholders.

The Chairman and Executive Director oversee the production of the Annual Report and review its contents before it is published.

Annual Reports of the Company are available online at the Company's website: <https://www.topglove.com/annual-report/>.

Corporate related queries may be referred to the Company Secretary, Ms. Kassy Lim (Contact no.: +603-3362 3098, Fax no.: +603-3362 3860, Email: [kslim@topglove.com.my](mailto:kslim@topglove.com.my)).

- **Announcements to Bursa Securities**

All announcements are made via Bursa LINK. Examples of announcements are the quarterly financial results, circulars, corporate exercises, corporate changes and others. The Board is entrusted to review and approve the announcements ensuring its full compliance with regulatory authorities' disclosure requirements.

All announcements are made available at the Company's website: <https://www.topglove.com/bursa-announcements/>.

Announcements related queries may be referred to the Company Secretary, Ms. Kassy Lim (Contact no.: +603-3362 3098, Fax no.: +603-3362 3860, Email: [kslim@topglove.com.my](mailto:kslim@topglove.com.my)).

- **Quarterly Results and Analyst and Media Briefings**

Analyst and media briefings via conference call is usually held immediately after the release of quarterly financial results to Bursa Securities or an actual briefing is held a week after the release of the quarterly financial results and chaired by the Executive Chairman, Managing Director and Executive Director. This briefing provides an avenue for fund managers, research analysts and media to have dialogue with the Group's Management to facilitate the receiving of a balanced and complete view of the Group's performance and challenges at the timeliest manner.

- **Investor Relations**

The Investor Relations ("IR") team has been scheduling regular engagement sessions with investors and are usually attended by the Executive Director and the IR team.

The IR team also attends conferences, non-deal roadshows and one-on-one meetings with equity analysts, fund managers and institutional shareholders to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as to discuss on strategic matters and address issues that the investing community may have pertaining to the businesses or operations of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)



Some of the investor conferences and roadshows attended by our IR team in FY2019 are as follows:

| No. | Conference   | Date                               |
|-----|--|------------------------------------|
| 1.  | CLSA Investors Forum Hong Kong                                   | 9 to 12 September 2018             |
| 2.  | UBS Malaysia Corporate Day 2018 Singapore                        | 3 October 2018                     |
| 3.  | Nomura ASEAN Corporate Day New York                              | 12 to 16 November 2018             |
| 4.  | Daiwa Investment Conference Hong Kong 2018                       | 13 to 14 November 2018             |
| 5.  | Morgan Stanley Seventeenth Annual Asia Pacific Summit Singapore  | 28 to 30 November 2018             |
| 6.  | Nomura Investment Forum 2018 Tokyo, Japan                        | 3 to 7 December 2018               |
| 7.  | CIMB 11 <sup>th</sup> Annual Malaysia Corporate Day Kuala Lumpur | 3 to 4 January 2019                |
| 8.  | UBS Malaysia Corporate Day 2019 Singapore                        | 12 to 13 March 2019                |
| 9.  | CLSA Asean Forum Bangkok   | 13 to 15 March 2019                |
| 10. | Invest Malaysia Kuala Lumpur                                     | 19 to 20 March 2019                |
| 11. | Credit Suisse Asian Investment Conference Hong Kong              | 25 to 28 March 2019                |
| 12. | UOB Kay Hian Shariah Gems Conference 2019 Kuala Lumpur           | 10 April 2019                      |
| 13. | SGX-MKE Healthcare Corporate Day 2019 Singapore                  | 14 May 2019                        |
| 14. | Daiwa Investment Conference 2019 New York                        | 28 to 29 May 2019<br>& 31 May 2019 |
| 15. | ASEAN C-Suite Investor Conference 2019 Singapore                 | 24 to 26 June 2019                 |
| 16. | Bursa-Daiwa-Affin Hwang Malaysia Corporate Day Singapore         | 3 to 5 July 2019                   |
| 17. | Macquarie ASEAN Conference 2019 Singapore                        | 26 to 28 August 2019               |
| 18. | Macquarie Malaysia Macro And Policy Day Kuala Lumpur             | 29 August 2019                     |

Investor queries pertaining to financial performance or developments may be directed to the Executive Director, Mr. Lim Cheong Guan (Contact no.: +603-3362 3098, Fax no.: +603-3362 3860, Email: [invest@topglove.com.my](mailto:invest@topglove.com.my))

## • Company Website

The Group has established a comprehensive website at <https://www.topglove.com> which includes a dedicated section on IR to further enhance shareholders' communication.

The Group has also included a Corporate Governance section on its website where information such as the Board Charter, Directors' Code of Conduct and Ethics, Employees Code of Conduct, Succession Planning Policy, Corporate Disclosure Policy, Whistle-Blowing Policy and various governance compliance policies and/or statements are made available to the shareholders and public at <https://www.topglove.com/corporate-governance/>.

To better serve our stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements to the Group via email: [invest@topglove.com.my](mailto:invest@topglove.com.my). In addition, stakeholders who wish to reach the respective divisions of the Group can do so through the 'Contact Us'.

## Encourage shareholders' participation at general meetings

The Company despatches its Annual Report to all shareholders of the Company which includes the notice of AGM at least 28 days prior to the AGM. In addition to sending the notice, the Company also published the Notice of AGM on its website and released via Bursa LINK.

The AGM is the principal forum for dialogue with shareholders. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

During the AGM, a presentation is given by the Chairman, Managing Director and Executive Director to explain on the Group's strategy, performance and major developments to shareholders. The Board encourages shareholders to participate in the questions and answers session at every general meeting. The Directors also shared with the shareholders of the Company's responses to questions raised by Minority Shareholder Watch Group, submitted in advance of the AGM.

Outcome of the AGM on all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day. The Board has ensured that each item of special businesses included in the notice of the AGM is accompanied by a full explanation of the effects of a proposed resolution.

The extract of minutes of general meetings (including the attendance of Directors, questions raised by shareholders and the respective responses, outcome of the voting results and the reply to the Minority Shareholder Watch Group's queries) are made available to the shareholders and public for reference at <https://www.topglove.com/general-meeting/>.

### **Using technology to facilitate voting and shareholders participation at meetings**

The Company had implemented the poll voting via electronic means for past AGMs. The verification and counting of votes were done expeditiously. In addition, the Company has appointed an independent scrutineer to validate the votes cast at the AGM.

The result of each resolution was announced, which includes votes in favour, against and abstain, upon which the Chairman declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders.

### **Effective communication and proactive engagement**

The Company endeavours to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible.

The Chairman of the BAC, BNRC and the External Auditors were present at the last AGM and will endeavour to be present at the forthcoming AGM to assist the Directors in addressing queries raised by the shareholders. Based on the past, the Company's AGM have been well attended. It has always been the practice for the Chairman to provide ample time for the questions and answers sessions during the AGM.

Shareholders were given a copy of suggestion form to provide their valuable feedback and comment to the Management for any further improvement and consideration. Shareholders were also invited to submit any additional questions via help desk counter at the venue of the general meeting so that these could be responded to in writing after the meeting. Officers of the Company were present to assist and answer any queries raised by shareholders.

During the FY2019, the Company also had regular meetings with analysts and institutional fund managers, participated roadshows and investors conferences, both domestically and internationally, and hosted teleconferences with investors and analysts. As part of the stakeholders' engagement activities, the shareholders' satisfaction survey was also carried out during FY2019 to seek the shareholders' suggestion or feedback on various areas such as service quality of our service providers, governance matters etc. concerning the Company.

### **Adopting integrated reporting as a form of concise communication**

An effective communication channel between the Board, stakeholders, institutional investors and the investing public at large is essential to provide a clear and complete picture of the Group's performance and development, in a comprehensive, timely and continuing disclosure manner. Essentially, the Board is fully committed in maintaining a high standard in the dissemination of relevant and material information on the development of the Group.

The Company has been using formal channels to communicate with shareholders and stakeholders via Annual Report, announcements to Bursa Securities, quarterly financial results and analyst and media briefings, IR and Company's website as mentioned above.

## Summary of Corporate Governance Practices

Overall, the Company has applied all the Practices encapsulated in MCCG for the FY2019 except the following:

- Practice 11.2: Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.
- Practice 12.3: Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:
  - \*\* voting including voting in absentia; and
  - \*\* remote shareholders' participation of General Meetings.

The Company has provided explanations for the departures from the said Practices and measures that the Company will take to achieve the intended outcome of the departed Practices in the Corporate Governance Report.

## OTHER COMPLIANCE INFORMATION

### 1. Utilisation of Proceeds

On 1 March 2019, Top Glove Labuan Ltd., a wholly-owned subsidiary of the Company, issued the guaranteed Exchangeable Bonds ("the Issuance") with an aggregate principal amount of USD200 million. The actual utilisation of the proceeds are as follows:

| Description                  | Actual Utilisation (RM'000) |
|------------------------------|-----------------------------|
| Repayment of bank borrowings | 806,256                     |
| Expenses for the Issuance    | 12,009                      |
| <b>Total</b>                 | <b>818,265</b>              |

### 2. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") was not renewed since the Nineteenth Annual General Meeting ("AGM").

### 3. Material Contracts

During the FY2019, there were no material contracts entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

### 4. Material Contracts Relating to Loans

During the FY2019, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

### 5. Insider Trading

During the FY2019, there was no insider trading reported.

### 6. Employees' Share Option Scheme ("ESOS")

During the FY2019, a total of 131,100 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS. The details of the issued and paid-up share capital of the Company as at 31 August 2019 are as follows:

|  | No. of Shares        | RM                    |
|--|----------------------|-----------------------|
| As at 1 September 2018                         | 1,280,229,124        | 787,708,825.16        |
| Ordinary shares issued pursuant to the ESOS    | 131,100              | 662,406.00            |
| ESOS compensation reserve                      | -                    | 40,641.00             |
| Bonus Issue Reclassification                   | -                    | (85,814.60)           |
| Ordinary shares issued pursuant to Bonus Issue | 1,280,229,124        | -                     |
| <b>As at 31 August 2019</b>                    | <b>2,560,589,348</b> | <b>788,326,057.56</b> |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

■■■■■■■■■■ (CONT'D)

During the financial year, the number of ESOS option granted under ESOS III was 25,570,000 options. The percentage of ESOS option granted to the Directors and senior management was 25.26% of the total ESOS option granted.

Other than the above, there were no issuance of convertible securities during the FY2019. The number of ESOS option granted and exercised by the Directors are disclosed on page 126 of this Annual Report.

## 7. Employees' Share Grant Plan ("ESGP")

The Company had established the ESGP of up to ten per centum (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and Executive Directors of the Company and its subsidiaries for a duration of ten (10) years from 12 January 2016 to 11 January 2026.

During the financial year, 584,100 shares were awarded to the eligible employees under the ESGP. The percentage of shares awarded to the senior management 41.22% of the total shares awarded.

The number of shares awarded to the Directors pursuant to the ESGP are disclosed on page 126 of the Annual Report.



*Factory 31 Product Dipping Lab*



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



## BOARD RESPONSIBILITY

The Board is committed to establishing and maintaining a sound, effective and efficient system of risk management and internal control to safeguard shareholders' investment and the Group's asset. As such, continuous review of processes are undertaken by the Board to ensure adequacy and integrity of the system mentioned.

The system of risk management and internal control is designed to identify and manage the Group's risk within the acceptable risk tolerance, rather than to eliminate the risk of failure in achieving the Group's corporate objective in accordance with the Group's strategy. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misrepresentation, financial loss or fraud.

## RISK MANAGEMENT GOVERNANCE

The Board regards risk management as an integral part of all business operations. Hence, the Board explicitly assumes the responsibility of identifying principal risks and ensures the implementation of a dynamic system to manage risk exposure within the acceptable level of tolerance.

To fulfill its oversight responsibility, the Board, as a whole or through delegation to the Board Risk Management Committee ("BRMC"), reviews the adequacy and integrity of the Group's risk management system which encapsulates the key processes of risk identification, assessment, mitigation, monitoring and reporting.

The members of BRMC, comprising five(5) Independent Non-Executive Directors and two(2) Executive Directors, are as follows:

1. Datuk Noripah Kamso (Chairman)
2. Tan Sri Rainer Althoff
3. Dato' Lim Han Boon
4. Datuk Dr. Norma Mansor
5. Tay Seong Chee, Simon
6. Dato' Lee Kim Meow
7. Lim Cheong Guan

In addition, a Risk Working Committee ("RWC") has been formed in May 2013 to facilitate the group-wide risk management initiative from an operational perspective. RWC serves as the driving force behind the routine risk management activities. Its main functions encompass provision of regular feedback on status of risk factors to facilitate informed management decision making, execution of appropriate risk mitigation measures and progress monitoring thereof, as well as identification of new and emerging risk factors.

RWC is headed by an Executive Director and comprises heads of business units or support functions, who are risk owners themselves, as members.

## RISK MANAGEMENT SYSTEM

At the Group level, inherent risk factors arising from business operations are continuously identified. These identified risk factors are incorporated into the risk register and individually rated as Extreme, High, Medium or Low risk. The rating process is guided by a matrix of possibility of occurrence and the associated impacts, of which both financial and non-financial consequences are duly considered. Thereafter, owners of these risk factors will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.

Progress updates on the mitigation measures will be furnished on a quarterly basis by risk owners for deliberation at the RWC meeting from an operational perspective. Adequacy and effectiveness of the mitigation measures will be assessed and further enhanced where necessary. In addition, any identified emerging critical risk factors will be incorporated into the risk register and managed in accordance to the Group's risk management methodology. Outcome of RWC meetings will subsequently be escalated upwards to the BRMC for further deliberation in a strategic manner. Direction of mitigation measures will be fine-tuned as it deems fit to ensure action plans are on track in addressing the significant risk factors. This approach creates a robust risk management system that is self-sustaining and will continue to evolve in response to changing business environment.

## SIGNIFICANT RISK

As depicted in the Group's risk management framework, risks are broadly categorized into the aspects of Business, Information, Production, Credit, Financial, Operational, System, Human Resource, Plantation, Property & Investment Risk. Identified individual risk factors under the broad risk categories have undergone comprehensive reviews in line with the Group's risk management methodology.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

■■■■■■■■■■ (CONT'D)

For financial year ended 31 August 2019, the key risks that warrant highlighting are as outlined below:

## 1. Business

Execution of Mergers and Acquisition activities may render it more susceptible to certain associate risks, notably the evaluation of target company and its subsequent integration with the Group. With growing interest to expand both its glove and non-glove business and manufacturing facilities overseas. Venturing overseas will expose the Group to sovereign risk, political and economic uncertainties such as a change in government, laws, regulations, and fiscal policies of the host countries. Various effective measures such as setting up of an Executive Committee, strengthening M&A processes, assessing of investment projects by Board Investment Committee and BRMC, building up internal management team's capability to handle operations after take-over and engaging external experienced and capable advisers to assist in mitigating the risks.

## 2. Production

Due to unforeseen circumstances, the Group's factory production lines can face unplanned downtimes and thus affecting productivity and resulting in financial losses. The 2 major risk factors which may potentially contribute to the above are identified as fire outbreak and water shortage. Ongoing mitigation measures have been implemented and tested by the Group to curb occurrences of these risk factors to prevent interruption to production or temporary shutdown of factories.

## 3. System

The Group's business may be vulnerable to security breaches to key systems, assets and facilities resulting from cyber vandalism or sabotage. Potential disruptions to operational systems or destruction of facilities from such security breaches can adversely affect the Group's reputation, business and financial results. To mitigate the risk, the Group is vigilant on potential cyber threats and has been continuously upgrading and enhancing the Group's security system.

## 4. Financial

As an export-oriented manufacturing entity, the Group's financial performance is exposed to the risks of fluctuation in foreign currency exchange rates and volatility in commodity prices; particularly the main raw material in glove manufacturing which are natural rubber latex and nitrile latex. Major movements in key foreign currency exchange rates, such as US Dollar, and the related commodity prices will create a short-term impact on the Group's financial performance due to time lag effect of the cost pass-through mechanism. The Group is thus constantly monitoring these risk factors and endeavors to achieve an effective and efficient cost pass-through mechanism to minimize the impact on its financial performance caused by macro factors.

## 5. Regulatory and Compliance

For a manufacturing entity with exports to over 195 countries worldwide, the Group anticipates more frequent and rigorous participation in customer, social, authority audits etc. Also, due to the growing number of stringent laws and regulatory requirements, the Group has to put in lots of efforts to harmonize compliance of regulatory requirements with its business processes and cost of operations. To mitigate this risk, the Group has an in-house Legal and Regulatory Affairs Department, which proactively advise the Group and identify the applicable laws and regulatory obligations, and ensure that compliance is met. With Honesty, Integrity, and Transparency serving as the key values that form Top Glove's Business Ethics, the Group continues to adopt a zero tolerance stance against bribery and corruption of any forms. The group has also established the Board Sustainability Committee to ensure the implementation of best practices of Environmental, Social and Governance.

## INTERNAL CONTROL GOVERNANCE

The Management team, led by Executive Chairman, Managing Director and Executive Directors, comprises experienced personnel who are subject matter experts in their own specialized fields. These individual members in the Management team are held accountable for the conduct and performance within their assigned business units/ support functions. Internal control principles are strongly advocated and thus embedded into the various day-to-day operational policies and procedures of the business units/ support functions concerned. At regular intervals, these assigned business units/ support functions will conduct management meetings for the business objectives of, among others, performance assessment, action plan progress monitoring and feedback for improvement.

To fulfill its oversight responsibility, the Board Audit Committee ("BAC") is committed to review the adequacy and effectiveness of the Group's internal control system. In this respect, the Group's Internal Audit Department ("IAD") has been set up in financial year ended 31 August 2003 to undertake the obligation of providing control assurance services to the Group.

The External Auditor provides further assurance to the BAC in the form of annual statutory audit of the financial statements. Areas of concern identified during the course of external audit examination will be brought to the attention of the BAC through management letters and discussion at BAC Meeting.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

■■■■■■■■ (CONT'D)



## INTERNAL AUDIT FUNCTION

The Group has in place an in-house IAD which provides to the Board, through the BAC, independent assessment and assurance on the adequacy and effectiveness of the Group's system of internal controls.

The scope of work of IAD encompasses the examination and evaluation of the adequacy, existence and effectiveness of the system of internal control, risk management framework and corporate governance of the group, which include, inter alia, the following: -

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Evaluating the system established to ensure compliance with policies, plans, procedures, laws, and regulations which could have significant impact on operations;
- Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Assessing the economy and efficiency with which resources are employed;
- Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned;
- Report significant issues related to the business and operational processes for controlling the activities of the Group together with recommendations for improvements by issuing periodic audit reports summarizing results of audit activities and follow-up reports on timely basis to BAC and management; and
- Assist in the investigation of significant suspected fraudulent activities and notify the BAC and Top Management of the results.

The audit reports are presented and tabled at quarterly BAC meetings to preserve its independence and objectivity. Significant internal audit findings and status update on outstanding management action plan will be brought to the attention of BAC. If deemed necessary, management representative will be required to attend BAC meeting to provide explanation and propose an action plan on the unresolved issues.

## REVIEW OF EFFECTIVENESS

The Board is dedicated to operating a sound system of risk management and internal controls, and recognizes that the system must continuously evolve to support the progressive business growth of the Group.

The process for identifying, evaluating and managing risks as outlined in this Statement has been in place for the year under review and up to the date of approval of this statement. During the financial year ended 31 August 2019, a number of improvements to internal control gaps has been implemented. There has been no material adverse impact to the financial performance of the Group as a result of the internal control gaps detected.

The Board, with the assurance received from the Managing Director and Executive Director, concludes that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects.

This statement does not include the state of internal control in associate companies, which has not been dealt with as part of the Group and is made in accordance with a resolution of the Board of Directors dated 26 September 2019.

## REVIEW OF THE STATEMENTS BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the FY2019, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

# BOARD AUDIT COMMITTEE REPORT



The Board Audit Committee (“BAC”) of Top Glove Corporation Bhd (“Top Glove” or “the Company”) is pleased to present the BAC Report for the financial year ended 31 August 2019 (“FY2019”).

## BAC COMPOSITION AND ATTENDANCE

The BAC comprises four (4) members and all of whom are Independent Non-Executive Directors, which meets the requirements of paragraphs 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Main LR”).

During the FY2019, Tan Sri Dato’ Seri Utama Arshad Ayub retired as a Director at the conclusion of Top Glove’s 20<sup>th</sup> Annual General Meeting (“AGM”) held on 8 January 2019 and accordingly ceased to be the Chairman of the BAC. Pn Azrina Arshad who joined the Board during the FY2019 was appointed as the additional member of the BAC of the Company on 8 January 2019.

Dato’ Lim Han Boon was re-designated as the Chairman of BAC effective 8 January 2019 subsequent to the retirement of Tan Sri Dato’ Seri Utama Arshad Ayub. Dato’ Lim Han Boon is a member of the Malaysian Institute of Accountants, the Chartered Management Institute, United Kingdom (“UK”) and fellow of the Association of Chartered Certified Accountants, UK, fulfills the financial expertise as required by Bursa Securities Main LR. He has vast working experience in areas of accounting and corporate finance.

Datuk Noripah Kamso, member of BAC, has vast experience in the Banking and Investment industry. She was recently appointed as the Chairman of Bank Rakyat. She was the former Advisor of CIMB Islamic and the founding Chief Executive Officer of CIMB-Principal Islamic Asset Management Sdn Bhd. She was also the Past President of the Malaysian Futures Brokers Association (MFBA). She was formerly a Global Practitioner in Residence in Principal Financial Group Centre for Global Citizenship, United States of America.

Ms Sharmila Sekarajasekaran, member of BAC, was in legal practice for many years, she joined the RIM Group in year 2005 and held various positions in the RIM Group.

Pn Azrina Arshad, member of BAC, is an Architect by profession and has been working in various capacities in several architectural firms.

In FY2019, the BAC had met seven (7) times, two (2) of which were meeting with the External Auditors, without Executive Directors’ and Management’s presence and one (1) of which was meeting with the Internal Auditors, without Executive Directors’ and Management’s presence. The Executive Director, Head of Internal Audit, Senior Management, External Auditors, other Board members and the Company Secretary will attend the BAC meetings upon invitation, as and when necessary. The attendance record of BAC members was as follows:

| Members  | Directorship                              | Meeting Attendance |
|--|---|--------------------|
| Dato’ Lim Han Boon* (Chairman)                     | Senior Independent Non-Executive Director | 7/7 (100%)         |
| Datuk Noripah Kamso                                | Independent Non-Executive Director        | 7/7 (100%)         |
| Sharmila Sekarajasekaran                           | Independent Non-Executive Director        | 7/7 (100%)         |
| Azrina Arshad **                                   | Independent Non-Executive Director        | 3/3 (100%)         |
| Tan Sri Dato’ Seri Utama Arshad Ayub*** (Chairman) | Senior Independent Non-Executive Director | 4/4 (100%)         |

\* Re-designated as Chairman effective 8 January 2019

\*\* Appointed as member effective 8 January 2019

\*\*\* Retired at the conclusion of AGM held on 8 January 2019 and accordingly ceased as the BAC Chairman effective 8 January 2019

During the FY2019, the BAC had constantly engaged with the External Auditors and the Head of Internal Audit to keep abreast with the key audit issues and audit concerns affecting the Company.

Minutes of each BAC meeting are noted by the Board via distribution to each Board member and the Chairman of the BAC highlights on key issues discussed in the BAC meeting at each Board meeting.

The performance and effectiveness of BAC would be assessed annually through BAC evaluation and BAC member self and peer evaluation conducted by the BAC and the Board Nomination and Remuneration Committee (“BNRC”) reviewed the results of such assessments. The BNRC reviews the term of office and performance of the BAC members annually. During the FY2019, the Board is satisfied that the BAC and its members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference (“TOR”) of the BAC.

## TOR OF THE BAC

The BAC had discharged its functions and carried out its duties as set out in the TOR of the BAC. The TOR of the BAC had been revised and updated in March 2019.

The TOR of the BAC is available for reference on the Company’s website at <https://www.topglove.com/corporate-governance/>.

## SUMMARY OF ACTIVITIES FOR THE FY2019

### 1. Financial Reporting

- (a) Reviewed all the four (4) Quarter’s Financial Statements and the annual Audited Financial Statements of the Company and recommended the same for the Board’s approval. Discussions focused particularly on any change in the accounting policies and its implementation; significant and unusual events arising from the audit; the going concern assumption; compliance with accounting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by Management.
- (b) Reported its findings on the financial and Management performance, and other material matters to the Board.

### 2. Internal Audit

- (a) Reviewed and approved the three (3) years Internal Audit Plan for FY2019, FY2020 and FY2021 proposed by the Internal Auditors to ensure the adequacy of the scope, coverage of works and that it has the necessary authority to carry out its works.
- (b) Reviewed the Internal Audit programme and results of Internal Audit together with the recommendations from the Internal Auditors. The BAC considered the Internal Auditors’ recommendations taken into account Management’s responses and upon which approved the Internal Auditors’ proposals for rectification and implementation of the agreed remedial actions for improvement.
- (c) Reviewed and approved the revised Internal Audit Charter.
- (d) Reviewed the adequacy and competency of the Internal Audit resources required to carry out Internal Audit work.
- (e) Undertook assessment of the performance of the Internal Audit function and reviewed its effectiveness of the audit processes and assessed the performance of the overall Internal Audit Department (“IAD”).
- (f) Held separate meetings to discuss the result of assessment with the Internal Auditors and other areas of Internal Audit’s concern, without the presence of Executive Directors and Management.

### 3. External Audit

- (a) Discussed with the External Auditors before the audit commences, the audit plan, nature and scope of the audit, areas of audit emphasis and ensured co-ordination where more than one (1) audit firms are involved; as well as the External Auditors’ evaluation of the system of internal controls and audit reports.
- (b) Discussed and deliberated on the External Auditors’ reports and recommendations regarding opportunities for improvement to the significant risk areas, internal controls and financial matters areas based on observations made in the course of interim and final audits.

- (c) Held two (2) private meetings with the External Auditors without the presence of the Executive Directors and Management to discuss on the areas of audit concern.
- (d) Discussed the results of annual assessment on the suitability and the independence of the External Auditors pursuant to the Company's External Auditors' Assessment Policy.
- (e) Reviewed the performance of the External Auditors and recommended its re-appointment and remuneration to the Board.
- (f) Reviewed and approved the provision of non-audit services rendered by the External Auditors.
- (g) Reviewed and approved the revised External Auditors Assessment Policy.

#### 4. Related Party Transactions

- (a) Reviewed and recommended on quarterly basis the related party transactions presented by Management to the Board for approval, to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders.
- (b) Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with Bursa Securities Main LR.
- (c) Reviewed and approved the Related Party Transaction Policy.

#### 5. Annual Reporting

Reviewed the BAC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

#### 6. Others

- (a) Reviewed the progress of all investment projects of the Company.
- (b) Reviewed the Investment Portfolios of the Company.
- (c) Deliberated the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/regulatory disclosure requirements.
- (d) Considered and discussed new business ventures of the Company for the Board's approval.
- (e) Verified the share buy-back of the Company.
- (f) Verified and ensure the allocation of Employees' Share Option Scheme ("ESOS") and Employees', Share Grant Plan ("ESGP") complied with the criteria as stipulated in the by-laws of ESOS and ESGP of the Company.
- (g) Reviewed Whistle-Blowing Policy and cases of the Company.
- (h) Reviewed the Anti-Bribery and Anti-Corruption initiatives of the Company.
- (i) Reviewed and deliberated on the Corporate Governance compliance of the Company.
- (j) Reviewed the Environmental, Social and Governance Sustainability Compliance Report such as Morgan Stanley Capital International (MSCI) Report.

### PROFESSIONAL DEVELOPMENT PROGRAMMES

During the FY2019, all the BAC members have attended various seminars, professional development programmes and conferences. The list of programmes attended is disclosed in the Corporate Governance Overview Statement on pages 91 to 98 of this Annual Report.

### INTERNAL AUDIT FUNCTION

The IAD comprises ten (10) staff members, led by Lim Lung Fui @ Jack, a member of the Malaysian Institute of Accountants who has over nineteen (19) years of experience in operational and financial audit. IAD report directly to the BAC and is guided by its Internal Audit Charter.

# BOARD AUDIT COMMITTEE REPORT

(CONT'D)

The principal objective of IAD is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and satisfactory. The function of the IAD is to provide the BAC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The BAC reviews and approves the Internal Audit plan of the Group submitted by the Head of Internal Audit.

During the FY2019, the areas audited included audits of the various departments covering all the factories and subsidiaries within the Group. Internal Audit reports were issued to the BAC regularly and tabled in the BAC meetings. The reports were also issued to the respective operations management, incorporating audit recommendations and Management's responses with regard to any audit finding on the weaknesses in the systems and controls of the operations. The IAD conducted follow-up audit to ensure the agreed audit recommendations were implemented appropriately.

The total costs incurred for the in-house Internal Audit function for the FY2019 was RM1,419,910 (FY2018: RM605,096).

## RISK MANAGEMENT

The Board and Management have embarked on the risk management culture and endeavour to ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The Board undertakes to conduct regular risk awareness sessions at the operational level to promote the understanding of risk management principles and practices across different functions within the Group.

## BOARD RISK MANAGEMENT COMMITTEE ("BRMC") COMPOSITION AND ATTENDANCE

In FY2019, Datuk Noripah Kamso was appointed as Chairman of BRMC effective 8 January 2019. Other changes in the composition of the BRMC included re-designation of Dato' Lim Han Boon as the member of BRMC effective 8 January 2019 and appointment of Tay Seong Chee, Simon as additional member of the BRMC effective 22 March 2019.

In FY2019, the BRMC had met six (6) times. The composition and the attendance record of the BRMC members were as follows:

| Directors                        | Directorship                              | Meeting Attendance |
|----------------------------------|---|--------------------|
| Datuk Noripah Kamso * (Chairman) | Independent Non-Executive Director        | 4/4 (100%)         |
| Dato' Lim Han Boon **            | Senior Independent Non-Executive Director | 6/6 (100%)         |
| Tan Sri Rainer Althoff           | Independent Non-Executive Director        | 6/6 (100%)         |
| Dato' Lee Kim Meow               | Managing Director                         | 6/6 (100%)         |
| Lim Cheong Guan                  | Executive Director                        | 6/6 (100%)         |
| Datuk Dr. Norma Mansor           | Independent Non-Executive Director        | 6/6 (100%)         |
| Tay Seong Chee, Simon***         | Independent Non-Executive Director        | 2/3 (66.7%)        |

\* Appointed as Chairman of BRMC effective 8 January 2019

\*\* Re-designated as Member of BRMC effective 8 January 2019

\*\*\* Appointed as member of BRMC effective 22 March 2019

## TOR OF THE BRMC

The BRMC had discharged its functions and carried out its duties as set out in the TOR of the BRMC. The TOR of the BRMC was being reviewed and amended in June 2019.

The TOR of the BRMC is available for reference on the Company's website at <https://www.topglove.com/corporate-governance/>.

The aforesaid matter is further elaborated in details under a separate statement known as "Statement on Risk Management and Internal Control" on pages 114 to 116 of this Annual Report.

# DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the Financial Statements of the Group are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and provision of the Companies Act 2016 ("CA 2016"). The Financial Statements to be drawn up must be able to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors shall ensure that Management have:

- (a) Adopted appropriate accounting policies and applied them consistently;
- (b) Made judgements and estimates that are reasonable and prudent; and
- (c) Prepared the financial statements on a going concern basis.

It is the responsibility of the Directors to ensure that the Group and the Company keep accounting records that disclose with reasonably accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the CA 2016.

The Directors have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.



*Top Glove's Board of Directors*



# FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

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| 129  | Statement by Directors             | 139  | Statements of Changes in Equity   |
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*Smart Warehouse with Automated Guided Vehicle (AGV)*



The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2019.

## Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities and other information of the subsidiaries are described in Note 19 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

## Results

|                           | Group<br>RM'000 | Company<br>RM'000 |
|---------------------------|-----------------|-------------------|
| Profit net of tax         | 367,546         | 209,218           |
| Profit attributable to:   |                 |                   |
| Owners of the parent      | 364,678         | 209,218           |
| Non-controlling interests | 2,868           | -                 |
|                           | 367,546         | 209,218           |

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## Dividends

The amount of dividends paid by the Company since 31 August 2018 were as follows:

|  | RM'000  |
|--|---------|
| <b>In respect of the financial year ended 31 August 2019:</b>  |         |
| First tax exempt interim single tier dividend of 3.5 sen per share on 2,559,230,000 ordinary shares, declared on 18 June 2019 and paid on 16 July 2019 | 89,566  |
| <b>In respect of the financial year ended 31 August 2018:</b>  |         |
| Final tax exempt single tier dividend of 5 sen per share on 2,556,440,000 ordinary shares, declared on 12 November 2018 and paid on 25 January 2019    | 127,827 |
|  | 217,393 |

Further details on dividends recognised during the financial year are disclosed in Note 44.

A single tier final dividend in respect of the financial year ended 31 August 2019, of 4 sen per share on 2,559,814,000 ordinary shares amounting to RM102,393,000 had been declared on 26 September 2019. The final dividend will be paid on 23 December 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 August 2020.

## Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dr Lim Wee Chai\*  
Tan Sri Rainer Althoff  
Dato' Lee Kim Meow\*  
Puan Sri Tong Siew Bee\*  
Lim Hooi Sin\*  
Lim Cheong Guan\*  
Dato' Lim Han Boon  
Datuk Noripah Binti Kamsu  
Sharmila Sekarajasekaran  
Tay Seong Chee, Simon  
Datuk Dr. Norma Mansor  
Azrina Binti Arshad (Appointed on 8 January 2019)  
Tan Sri Dato' Seri Utama Arshad bin Ayub (Retired on 8 January 2019)

\* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, not including those directors listed above are:

Dato' IR Haji Ahmad Bin Hassan  
Dr. Navindra A/L Nageswaran  
Dr. Pongsak Kerdvonbundit  
Choh Ai Ying  
Chookiad Usaha  
Ho Chee Meng Edmund  
Ho Kim Nam  
Lam Yat Hing  
Leong Chew Mun  
Lew Sin Chiang  
Liew Say Keong  
Lim Jin Feng  
Masato Katayama  
Max Som Chai A/L Putian  
Ng Wee Chong  
Ng Yong Lin  
Oh Teik Chye  
Phattaraporn Fueangthong  
Puon Tuck Seng  
Ravi A/L Supramaniam  
Saw Eng Kooi  
Seah Chong Shew  
See So Kim Huat  
Siow Chun Min  
Svami Utama Batang Taris  
Tan Chee Hoong  
Tan Puay Choo  
Thomas Petermoeller  
Wilawan Sakulsongboonsiri  
Wong Chong Ban  
Marcelo Nastromagario (Appointed on 7 January 2019)  
Tio Thiam Boon (Appointed on 25 January 2019)  
Lee Shin Hwai (Appointed on 28 March 2019)  
Lim Hwa Chuan (Appointed on 6 May 2019)  
Faisal Bin Abd Rahman (Appointed on 16 May 2019)  
Galuh Faradisa (Appointed on 2 July 2019)  
Law Eng Lim (Appointed on 2 July 2019)  
Hue Kon Fah (Resigned on 1 March 2019)  
Hoong Hsuch Ling (Resigned on 2 April 2019)  
Victor Daniel Angenscheidt Baridon (Resigned on 5 June 2019)  
Zhu Bai He (Deregistration of Beijing Adventa Health Supplies Co. Ltd. on 16 January 2019)

# DIRECTORS' REPORT

(CONT'D)

## Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the employee share options scheme ("ESOS") and the employee share grant plan ("ESGP").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the Note 37 to the financial statements.

The directors' benefits are as follows:

|                                 | Group<br>RM'000 | Company<br>RM'000 |
|---------------------------------|-----------------|-------------------|
| Salaries and other emoluments   | 9,492           | 3,488             |
| Fees                            | 1,287           | 1,238             |
| Defined contribution plan       | 769             | 332               |
| Social security contributions   | 10              | 1                 |
| Share option granted under ESOS | 964             | 589               |
| Share option granted under ESGP | 145             | 98                |
| Benefits-in-kind                | 197             | 60                |
|                                 | 12,864          | 5,806             |

\* The Company maintains a liability insurance for directors of the Group. The total amount of sum insured for the directors of the Group for the financial year amounted to RM5,000,000 whilst the total amount of premium paid was RM9,700.

## Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

|                                | Number of ordinary shares |              |            |            | At<br>31.8.2019 |
|--------------------------------|---------------------------|--------------|------------|------------|-----------------|
|                                | At<br>1.9.2018            | Adjustment # | Acquired   | Sold       |                 |
| Tan Sri Dr <u>Lim</u> Wee Chai |                           |              |            |            |                 |
| - direct                       | 369,914,776               | 369,914,776  | 1,221,000  | 55,000,000 | 686,050,552     |
| - indirect                     | 87,221,608                | 87,221,608   | 55,600,000 | -          | 230,043,216     |
| Puan Sri Tong Siew Bee         |                           |              |            |            |                 |
| - direct                       | 3,615,196                 | 3,615,196    | -          | -          | 7,230,392       |
| - indirect                     | 453,521,188               | 453,521,188  | 56,821,000 | 55,000,000 | 908,863,376     |
| Dato' Lee Kim Meow             |                           |              |            |            |                 |
| - direct                       | 486,800                   | 486,800      | 8,600      | -          | 982,200         |
| - indirect                     | 20,000                    | 20,000       | -          | -          | 40,000          |
| Lim Hooi Sin                   |                           |              |            |            |                 |
| - direct                       | 19,281,824                | 19,281,824   | 600,000    | -          | 39,163,648      |
| - indirect                     | 437,837,560               | 437,837,560  | 56,221,000 | 55,000,000 | 876,896,120     |
| Lim Cheong Guan                |                           |              |            |            |                 |
| - direct                       | 148,800                   | 148,800      | -          | -          | 297,600         |
| Tan Sri Rainer Althoff         |                           |              |            |            |                 |
| - direct                       | -                         | -            | 1,500      | -          | 1,500           |
| Dato' Lim Han Boon             |                           |              |            |            |                 |
| - direct                       | -                         | -            | 50,000     | -          | 50,000          |
| Sharmila Sekarajasekaran       |                           |              |            |            |                 |
| - direct                       | 5,000,000                 | 5,000,000    | 10,000     | -          | 10,010,000      |
| - indirect                     | -                         | -            | 200,000    | -          | 200,000         |
| Datuk Dr. Norma Mansor         |                           |              |            |            |                 |
| - direct                       | -                         | -            | -          | -          | -               |
| - indirect                     | -                         | -            | 4,000      | -          | 4,000           |

# The number of ordinary shares has been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 26 October 2018. Further details are disclosed in Note 32 of the financial statements.

## Directors' interests (cont'd)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows (cont'd):

|                                | ← Number of options over ordinary shares → |              |           |           | At<br>31.8.2019 |
|--------------------------------|--|--------------|-----------|-----------|-----------------|
|                                | At<br>1.9.2018                             | Adjustment # | Granted   | Exercised |                 |
| Tan Sri Dr <u>Lim</u> Wee Chai | 185,000                                    | 185,000      | 1,023,400 | -         | 1,393,400       |
| Puan Sri Tong Siew Bee         | 9,100                                      | 9,100        | 55,400    | -         | 73,600          |
| Dato' Lee Kim Meow             | 61,000                                     | 61,000       | 315,000   | -         | 437,000         |
| Lim Hooi Sin                   | 24,600                                     | 24,600       | 606,500   | -         | 655,700         |
| Lim Cheong Guan                | 54,400                                     | 54,400       | 413,100   | -         | 521,900         |

|                                | ← Number of ordinary shares granted through ESGP during the financial year → |              |         |           | At<br>31.8.2019 |
|--------------------------------|--|--------------|---------|-----------|-----------------|
|                                | At<br>1.9.2018   | Adjustment # | Granted | Exercised |                 |
| Tan Sri Dr <u>Lim</u> Wee Chai | -  | -            | 21,000  | -         | 21,000          |
| Dato' Lee Kim Meow             | -  | -            | 8,600   | -         | 8,600           |

Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Lim Hooi Sin by virtue of their interest in shares of the Company are also deemed interested in shares of all the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

# The number of ordinary shares has been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 26 October 2018. Further details are disclosed in Note 32 of the financial statements.

## Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM787,709,000 to RM788,326,000 by way of:

- (i) issuance of 131,000 ordinary shares pursuant to the Company's ESOS at an option price between RM4.90 to RM5.06 per ordinary share; and
- (ii) the issuance of 1,280,229,124 ordinary shares through a bonus issue on the basis of one new ordinary share for every one existing ordinary share held in the Company, by way of nil consideration.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

## Employee share options scheme ("ESOS")

At an Extraordinary General Meeting held on 9 January 2018, shareholders approved the ESOS for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to the eligible employees and executive directors respectively of the Company and its subsidiaries.

The committee administering the ESOS comprise two executive directors, Tan Sri Dr Lim Wee Chai and Lim Cheong Guan; four independent non-executive directors, Dato' Lim Han Boon, Datuk Noripah Binti Kamso, Sharmila Sekarajasekaran and Datuk Dr. Norma Mansor and one management staff Lim Jin Feng.

The salient features and other terms of the ESOS are disclosed in Note 36(i) to the financial statements.

During the financial year, the Company granted 25,570,000 share options under ESOS. These options will expire on 31 May 2028 and are exercisable if the employee has not served a notice of resignation or receive a notice of termination from the date of grant and certain conditions as detailed in Note 36(i) to the financial statements are met.

## Employee share options scheme ("ESOS") (cont'd)

Details of the options exercised to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 August 2019 are as follows:

| Expiry date | Exercise price RM | Number of options '000 |
|-------------|-------------------|------------------------|
| 31 May 2028 | 5.06              | 125.1                  |
| 31 May 2028 | 4.90              | 6.0                    |
|             |                   | 131.1                  |

Details of share options granted to directors are disclosed in the section on Directors' interest in this report.

## Employee share grant plan ("ESGP")

At an Extraordinary General Meeting held on 6 January 2016, shareholders approved ESGP for the eligible employees and executive directors of the Company and its subsidiaries.

The committee administering the ESGP comprise two executive directors, Tan Sri Dr Lim Wee Chai and Lim Cheong Guan; four independent non-executive directors, Dato' Lim Han Boon, Datuk Noripah Binti Kamso, Sharmila Sekarajasekaran and Datuk Dr. Norma Mansor and one management staff Lim Jin Feng.

The salient features and other terms of the ESGP are disclosed in Note 36(ii) to the financial statements.

During the financial year, the Company granted 584,000 share grant under ESGP amounted to RM2,716,000 to eligible employees and executive directors.

Details of shares granted to directors are disclosed in the section on Directors' interest in this report.

## Treasury shares

During the financial year :

- (i) the Company resold 2,781,700 of its treasury shares to the open market at the average price of RM5.03 per share. The total proceeds from the sale of treasury shares net off transaction costs was RM13,936,000. The excess of the proceeds and the cost of the treasury shares which amounted to RM7,719,000 was recognised in equity.
- (ii) the Company transferred 584,000 treasury shares to eligible employees under employee share grant plan at average market price of RM4.65 per share. The total transferred treasury shares were RM2,716,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM1,389,000 was recognised in equity.

As at 31 August 2019, the Company held as treasury shares a total of 775,600 of its 2,560,589,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,781,000 and further relevant details are disclosed in Note 33 to the financial statements.

## Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

## Other statutory information (cont'd)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 19 to the financial statements.

## Subsequent events

Details of subsequent events are disclosed in Note 47 to the financial statements.

## Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

|                | Group<br>RM'000 | Company<br>RM'000 |
|----------------|-----------------|-------------------|
| Ernst & Young  | 317             | 80                |
| Other auditors | 708             | -                 |
|                | 1,025           | 80                |

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young for the financial year ended 31 August 2019.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 October 2019.

Dato' Lee Kim Meow

Dato' Lim Han Boon

# STATEMENT BY DIRECTORS



 PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Lee Kim Meow and Dato' Lim Han Boon, being two of the directors of Top Glove Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 134 to 227 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 October 2019.

Dato' Lee Kim Meow

Dato' Lim Han Boon

# STATUTORY DECLARATION

 PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Dato' Lee Kim Meow, being the director primarily responsible for the financial management of Top Glove Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 134 to 227 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed, Dato' Lee Kim Meow  
at Shah Alam  
on 31 October 2019

Dato' Lee Kim Meow

Before me,

Sirendar Singh  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TOP GLOVE CORPORATION BHD.  
[INCORPORATED IN MALAYSIA]



## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the statements of financial position as at 31 August 2019 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 134 to 227.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

### **Review of costing of inventories**

(Refer to Note 4.16, 7.2(a) and Note 24 to the financial statements)

As at 31 August 2019, the Group held RM630 million of inventories which represented 11% of total assets of the Group. Total cost of inventories charged to the consolidated income statement for the year ended 31 August 2019 amounted to RM3,917 million, accounting for 90% of total expenditure of the Group.

Inventories are carried at the lower of cost and net realisable value. The cost of production comprises the cost of purchase of raw materials, labour costs, plus conversion costs such as variable and fixed overhead costs. Significant estimates are involved in determining the basis of allocating the costs of production to the products produced by the Group. The Group relies heavily on the SAP system to ensure that the costs of raw materials, labour costs and overhead costs are correctly allocated to the respective products. Due to the significant estimation involved in the valuation of inventories, we considered this a key area of audit focus.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TOP GLOVE CORPORATION BHD.  
[INCORPORATED IN MALAYSIA] (CONT'D)

*Key audit matters (cont'd)*

## **Review of costing of inventories (cont'd):**

Our audit procedures included, amongst others, the following:

- a) Obtained an understanding of the Group's current inventories valuation policy, production processes and the types of costs included in the valuation of inventories.
- b) Evaluated the general and logical access controls surrounding the data input process to the SAP system by involving our IT audit professionals.
- c) Obtained an understanding of and tested the internal controls over the SAP system in respect of the materials consumed and the allocation of costs of raw materials, labour costs, and overhead costs to the respective products.
- d) Obtained an understanding of management's process for computing standard costing and reviewed the computation of standard costing of inventory. We also observed management's procedures for updating the standard costing into the SAP system.

## **Annual impairment test of goodwill arising from the acquisition of Aspion Sdn. Bhd. ("Aspion")**

(Refer to Note 4.1, 7.2(b) and Note 23 to the financial statements)

As at 31 August 2019, the Group recorded a goodwill of RM1,174 million arising from the acquisition of Aspion, which represented 21% of the Group's total assets. The goodwill amount has been allocated to cash generating unit ("CGU") for impairment testing purposes. The Group estimated the recoverable amount of the CGU to which the goodwill is allocated based on value-in-use ("VIU").

Given its magnitude and the significant judgement involved in the annual impairment test, we consider this impairment test to be an area of audit focus. Specifically, we focus on the evaluation of the assumptions on the amount and timing of cash flows which are based on internal (e.g. budgets) and external market data (e.g. country specific interest rates and inflation percentages), and determination of an appropriate discount rate for Aspion.

Our audit procedures performed, amongst others are as follows:

- a) Evaluated management's key assumptions used in the cash flows projection, focusing on projected revenue, profit margins and growth rates, taking into consideration the current and expected future economic conditions. We compared the projected revenue to the past trends and compared expected growth rates to relevant market expectations.
- b) Together with EY valuation specialists, we evaluated the discount rate used to determine the present value of the cash flows and assessed whether the rate used reflect the current market assessment of the time value of money and the risk specific to the asset is the return that the investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.
- c) Assessed the sensitivity of the cash flows to changes in the key inputs to understand the impact that reasonable alternative assumptions would have on the overall carrying value.
- d) Evaluated the adequacy of the Group's disclosures in the financial statements concerning those key assumptions to which the outcome of the impairment test is most sensitive.

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TOP GLOVE CORPORATION BHD.  
[INCORPORATED IN MALAYSIA] (CONT'D)

## *Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# INDEPENDENT AUDITORS' REPORT



TO THE MEMBERS OF TOP GLOVE CORPORATION BHD.  
[INCORPORATED IN MALAYSIA] (CONT'D)

## *Auditors' responsibilities for the audit of the financial statements (cont'd)*

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 19 to the financial statements.

## **Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
31 October 2019

Ng Kim Ling  
No. 03236/04/2020 J  
Chartered Accountant

# STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

|   | Note | Group          |                              | Company        |                |
|---|------|----------------|------------------------------|----------------|----------------|
|   |      | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
| <b>Revenue</b>  | 8    | 4,801,139      | 4,220,742                    | 220,964        | 243,942        |
| Cost of sales   |      | (3,917,144)    | (3,378,374)                  | -              | -              |
| <b>Gross profit</b>   |      | 883,995        | 842,368                      | 220,964        | 243,942        |
| <b>Other items of income</b>  |      |                |                              |                |                |
| Interest income   | 9    | 10,611         | 12,235                       | 41             | 217            |
| Other income  | 10   | 38,552         | 39,998                       | 2,064          | -              |
| <b>Other items of expense</b>   |      |                |                              |                |                |
| Distribution and selling costs  |      | (133,357)      | (111,472)                    | -              | -              |
| Administrative and general expenses                                   |      | (293,938)      | (229,725)                    | (13,847)       | (10,400)       |
| Finance costs   |      | (79,601)       | (36,772)                     | -              | -              |
| Share of results of an associate                                      |      | (2,674)        | 6,168                        | -              | -              |
| <b>Profit before tax</b>  | 11   | 423,588        | 522,800                      | 209,222        | 233,759        |
| Income tax expense  | 14   | (56,042)       | (89,594)                     | (4)            | -              |
| <b>Profit net of tax</b>  |      | 367,546        | 433,206                      | 209,218        | 233,759        |
| <b>Profit attributable to:</b>  |      |                |                              |                |                |
| Owners of the parent  |      | 364,678        | 428,830                      | 209,218        | 233,759        |
| Non-controlling interests   |      | 2,868          | 4,376                        | -              | -              |
|   |      | 367,546        | 433,206                      | 209,218        | 233,759        |
| <b>Earnings per share attributable to owners of the parent (sen):</b> |      |                |                              |                |                |
| - Basic   | 15   | 14.27          | 16.89                        |                |                |
| - Diluted   | 15   | 14.21          | 16.89                        |                |                |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

|  | Group           |                      | Company        |                |
|--|-----------------|----------------------|----------------|----------------|
|  | 2019            | 2018                 | 2019           | 2018           |
|  | RM'000          | (Restated)<br>RM'000 | RM'000         | RM'000         |
| Profit net of tax  | 367,546         | 433,206              | 209,218        | 233,759        |
| <b>Other comprehensive loss:</b>   |                 |                      |                |                |
| <i>To be reclassified to profit or loss in subsequent periods:</i>               |                 |                      |                |                |
| Net movement on debt instrument at fair value through other comprehensive income | 3,247           | (2,465)              | -              | -              |
| Cash flow hedges (Note 34)   | (38,787)        | (41,504)             | -              | -              |
| Foreign currency translation differences of foreign operations                   | 17,423          | (18,700)             | -              | -              |
| <b>Other comprehensive loss for the year, net of tax</b>                         | <b>(18,117)</b> | <b>(62,669)</b>      | <b>-</b>       | <b>-</b>       |
| <b>Total comprehensive income for the year</b>                                   | <b>349,429</b>  | <b>370,537</b>       | <b>209,218</b> | <b>233,759</b> |
| <b>Total comprehensive income attributable to:</b>                               |                 |                      |                |                |
| Owners of the parent   | 345,444         | 366,500              | 209,218        | 233,759        |
| Non-controlling interests  | 3,985           | 4,037                | -              | -              |
|  | 349,429         | 370,537              | 209,218        | 233,759        |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION (GROUP)

AS AT 31 AUGUST 2019

**TOP GLOVE**

TOP QUALITY, TOP EFFICIENCY

|   | Note | 2019<br>RM'000   | 2018<br>(Restated)<br>RM'000 | As at<br>1.9.2017<br>(Restated)<br>RM'000 |
|---|------|------------------|------------------------------|---|
| <b>Assets</b>                           |      |                  |                              |   |
| <b>Non-current assets</b>               |      |                  |                              |   |
| Property, plant and equipment           | 16   | 2,480,026        | 2,104,762                    | 1,498,486                                 |
| Land use rights                         | 17   | 178,495          | 127,029                      | 40,457                                    |
| Investment property                     | 18   | 163,900          | 163,900                      | 162,000                                   |
| Investment in an associate              | 20   | 11,853           | 14,527                       | 8,359                                     |
| Deferred tax assets                     | 21   | 58,472           | 19,271                       | 14,681                                    |
| Investment securities                   | 22   | 392              | 392                          | 392                                       |
| Intangible assets                       | 23   | 1,256,376        | 1,260,041                    | 22,805                                    |
|   |      | 4,149,514        | 3,689,922                    | 1,747,180                                 |
| <b>Current assets</b>                   |      |                  |                              |   |
| Inventories                             | 24   | 629,896          | 505,862                      | 315,775                                   |
| Trade and other receivables             | 25   | 592,217          | 637,309                      | 419,349                                   |
| Other current assets                    | 26   | 63,511           | 105,346                      | 51,258                                    |
| Tax recoverable                         |      | -                | -                            | 17,351                                    |
| Investment securities                   | 22   | 87,285           | 193,714                      | 206,910                                   |
| Derivative financial instruments        | 27   | -                | -                            | 645                                       |
| Cash and bank balances                  | 28   | 165,782          | 165,197                      | 240,068                                   |
|   |      | 1,538,691        | 1,607,428                    | 1,251,356                                 |
| <b>Total assets</b>                     |      | <b>5,688,205</b> | <b>5,297,350</b>             | <b>2,998,536</b>                          |
| <b>Equity and liabilities</b>           |      |                  |                              |   |
| <b>Current liabilities</b>              |      |                  |                              |   |
| Loans and borrowings                    | 29   | 1,041,325        | 882,575                      | 314,644                                   |
| Trade and other payables                | 30   | 492,414          | 500,151                      | 418,802                                   |
| Contract liabilities                    | 31   | 55,610           | 59,248                       | 62,292                                    |
| Income tax payable                      |      | 789              | 8,741                        | -   |
| Derivative financial instruments        | 27   | 1,653            | 856                          | -   |
|   |      | 1,591,791        | 1,451,571                    | 795,738                                   |
| <b>Net current (liabilities)/assets</b> |      | <b>(53,100)</b>  | <b>155,857</b>               | <b>455,618</b>                            |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION (GROUP)

AS AT 31 AUGUST 2019 (CONT'D)

|  | Note | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 | As at<br>1.9.2017<br>(Restated)<br>RM'000 |
|--|------|----------------|------------------------------|---|
| <b>Non-current liabilities</b>                     |      |                |                              |   |
| Loans and borrowings                               | 29   | 1,379,369      | 1,330,359                    | 61,750                                    |
| Deferred tax liabilities                           | 21   | 159,714        | 116,305                      | 68,257                                    |
| Provisions   |      | 3,190          | 719                          | -   |
|  |      | 1,542,273      | 1,447,383                    | 130,007                                   |
| <b>Total liabilities</b>                           |      | 3,134,064      | 2,898,954                    | 925,745                                   |
| <b>Net assets</b>                                  |      | 2,554,141      | 2,398,396                    | 2,072,791                                 |
| <b>Equity attributable to owners of the parent</b> |      |                |                              |   |
| Share capital                                      | 32   | 788,326        | 787,709                      | 636,644                                   |
| Treasury shares                                    | 33   | (1,781)        | (9,325)                      | (9,739)                                   |
| Other reserves                                     | 34   | (1,553)        | 6,663                        | 62,499                                    |
| Retained earnings                                  |      | 1,751,963      | 1,597,999                    | 1,374,186                                 |
|  |      | 2,536,955      | 2,383,046                    | 2,063,590                                 |
| Non-controlling interests                          |      | 17,186         | 15,350                       | 9,201                                     |
| <b>Total equity</b>                                |      | 2,554,141      | 2,398,396                    | 2,072,791                                 |
| <b>Total equity and liabilities</b>                |      | 5,688,205      | 5,297,350                    | 2,998,536                                 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF FINANCIAL POSITION (COMPANY)

AS AT 31 AUGUST 2019



|   | Note | 2019<br>RM'000   | 2018<br>RM'000   |
|---|------|------------------|------------------|
| <b>Assets</b>                                       |      |                  |                  |
| <b>Non-current asset</b>                            |      |                  |                  |
| Investment in subsidiaries                          | 19   | 1,031,056        | 1,018,960        |
| <b>Current assets</b>                               |      |                  |                  |
| Trade and other receivables                         | 25   | 4,724            | 2,000            |
| Other current assets                                | 26   | 2,614            | 1,071            |
| Tax recoverable                                     |      | 10               | 12               |
| Investment securities                               | 22   | 1                | 2                |
| Cash and bank balances                              | 28   | 74               | 151              |
|   |      | 7,423            | 3,236            |
| <b>Total assets</b>                                 |      | <b>1,038,479</b> | <b>1,022,196</b> |
| <b>Equity and liabilities</b>                       |      |                  |                  |
| <b>Current liabilities</b>                          |      |                  |                  |
| Trade and other payables                            | 30   | 1,542            | 1,509            |
| <b>Total liabilities</b>                            |      | <b>1,542</b>     | <b>1,509</b>     |
| <b>Net current assets</b>                           |      | <b>5,881</b>     | <b>1,727</b>     |
| <b>Net assets</b>                                   |      | <b>1,036,937</b> | <b>1,020,687</b> |
| <b>Equity attributable to owners of the Company</b> |      |                  |                  |
| Share capital                                       | 32   | 788,326          | 787,709          |
| Treasury shares                                     | 33   | (1,781)          | (9,325)          |
| Other reserves                                      | 34   | 8,995            | 1,929            |
| Retained earnings                                   | 35   | 241,397          | 240,374          |
| <b>Total equity</b>                                 |      | <b>1,036,937</b> | <b>1,020,687</b> |
| <b>Total equity and liabilities</b>                 |      | <b>1,038,479</b> | <b>1,022,196</b> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

| 2019 Group   | Attributable to owners of the parent |                      |                        |                                 |                      |                             |                                |                                      |                      |                          |  |
|--|--------------------------------------|----------------------|------------------------|---------------------------------|----------------------|-----------------------------|--------------------------------|--------------------------------------|----------------------|--------------------------|--|
|  | Total equity of parent RM'000        | Share capital RM'000 | Treasury shares RM'000 | Foreign exchange reserve RM'000 | Legal reserve RM'000 | Share option reserve RM'000 | Cash flow hedge reserve RM'000 | Fair value adjustment reserve RM'000 | Other reserve RM'000 | Retained earnings RM'000 | Non-controlling interests ("NCI") RM'000 |
| <b>Opening balance at 1 September 2018</b>   | 2,393,768                            | 787,709              | (9,325)                | 36,125                          | 9,164                | 1,929                       | (41,504)                       | (1,163)                              | -                    | 1,595,546                | 15,287                                   |
| Prior year adjustment (Note 48)  | 4,628                                | -                    | -                      | (786)                           | -                    | -                           | -                              | -                                    | 2,898                | 2,453                    | 63                                       |
| <b>1 September 2018 (Restated)</b>   | 2,398,396                            | 787,709              | (9,325)                | 35,339                          | 9,164                | 1,929                       | (41,504)                       | (1,163)                              | 2,898                | 1,597,999                | 15,350                                   |
| Profit net of tax  | 367,546                              | -                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | 364,678                  | 2,868                                    |
| Other comprehensive loss   | (18,117)                             | -                    | -                      | 16,306                          | -                    | -                           | (38,787)                       | 3,247                                | -                    | 364,678                  | 1,117                                    |
| <b>Total comprehensive income</b>  | 349,429                              | -                    | -                      | 16,306                          | -                    | -                           | (38,787)                       | 3,247                                | -                    | 364,678                  | 3,985                                    |
| <b>Transactions with owners</b>  |                                      |                      |                        |                                 |                      |                             |                                |                                      |                      |                          |  |
| Issuance of ordinary shares pursuant to employee share options scheme ("ESOS") (Note 36) | 662                                  | 662                  | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -                        | -  |
| Share options granted under ESOS (Note 34)   | 7,197                                | -                    | -                      | -                               | -                    | 7,197                       | -                              | -                                    | -                    | -                        | -  |
| Issuance of shares to NCI  | 548                                  | -                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -                        | 548                                      |
| Transfer from share option reserve (Note 32 and Note 34)                                 | -                                    | 41                   | -                      | -                               | -                    | (131)                       | -                              | -                                    | -                    | 90                       | -  |
| Transfer to retained earnings (Note 34)  | -                                    | -                    | -                      | -                               | -                    | -                           | -                              | -                                    | 1,595                | (1,595)                  | -  |
| Transfer to legal reserve (Note 34)  | -                                    | -                    | -                      | -                               | 924                  | -                           | -                              | -                                    | -                    | (924)                    | -  |
| Transfer to employee share grant plan ("ESGP") (Note 33)                                 | 2,716                                | -                    | 1,327                  | -                               | -                    | -                           | -                              | -                                    | -                    | 1,389                    | -  |
| Transaction cost   | (86)                                 | (86)                 | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -                        | -  |
| Equity component of exchangeable bonds   | 1,433                                | -                    | -                      | -                               | -                    | -                           | -                              | -                                    | 1,433                | -                        | -  |
| Sale of treasury shares (Note 33)  | 13,936                               | -                    | 6,217                  | -                               | -                    | -                           | -                              | -                                    | -                    | 7,719                    | -  |
| Dividends on NCI   | (2,697)                              | -                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -                        | (2,697)                                  |
| Dividends on ordinary shares (Note 44)   | (217,393)                            | -                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | (217,393)                | -  |
| <b>Total transactions with owners</b>  | (193,684)                            | 617                  | 7,544                  | -                               | 924                  | 7,066                       | -                              | -                                    | 3,028                | (210,714)                | (2,149)                                  |
| <b>Closing balance at 31 August 2019</b>   | 2,554,141                            | 788,326              | (1,781)                | 51,645                          | 10,088               | 8,995                       | (80,291)                       | 2,084                                | 5,926                | 1,751,963                | 17,186                                   |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

| 2018 Group   | Total equity attributable to owners of the parent |                                   | Attributable to owners of the parent |                        |                                 |                      |                             |                                | Distributable                        |                      | Non-controlling interests ("NCI") RM'000 |                                     |
|--|---|-----------------------------------|--------------------------------------|------------------------|---------------------------------|----------------------|-----------------------------|--------------------------------|--------------------------------------|----------------------|--|-------------------------------------|
|  | Total equity RM'000                               | Total equity of the parent RM'000 | Share capital RM'000                 | Treasury shares RM'000 | Foreign exchange reserve RM'000 | Legal reserve RM'000 | Share option reserve RM'000 | Cash flow hedge reserve RM'000 | Fair value adjustment reserve RM'000 | Other reserve RM'000 |  | Retained earnings (Restated) RM'000 |
| <b>Opening balance at 1 September 2017</b>               | 2,064,432   | 2,055,231                         | 636,644                              | (9,739)                | 53,700                          | 4,929                | 2,568                       | -                              | 1,302                                | -                    | 1,365,827                                | 9,201                               |
| Prior year adjustment (Note 48)                          | 8,359   | 8,359                             | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | 8,359                                    | -                                   |
| 1 September 2017 (Restated)                              | 2,072,791   | 2,063,590                         | 636,644                              | (9,739)                | 53,700                          | 4,929                | 2,568                       | -                              | 1,302                                | -                    | 1,374,186                                | 9,201                               |
| Profit net of tax, as previously stated                  | 437,906   | 434,215                           | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | 434,215                                  | 3,691                               |
| Prior year adjustment (Note 48)                          | (4,700)   | (5,385)                           | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | (5,385)                                  | 685                                 |
| As restated  | 433,206   | 428,830                           | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | 428,830                                  | 4,376                               |
| Other comprehensive loss, as previously stated           | (61,710)  | (61,544)                          | -                                    | -                      | (17,575)                        | -                    | -                           | (41,504)                       | (2,465)                              | -                    | -  | (166)                               |
| Prior year adjustment (Note 48)                          | (959)   | (786)                             | -                                    | -                      | (786)                           | -                    | -                           | -                              | -                                    | -                    | -  | (173)                               |
| <b>Total comprehensive income</b>                        | 370,537   | 366,500                           | -                                    | -                      | (18,361)                        | -                    | -                           | (41,504)                       | (2,465)                              | -                    | 428,830                                  | 4,037                               |
| <b>Transactions with owners</b>                          |   |                                   |                                      |                        |                                 |                      |                             |                                |                                      |                      |  |                                     |
| Issuance of ordinary shares pursuant to ESOS (Note 36)   | 11,972  | 11,972                            | 11,972                               | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -  | -                                   |
| Shares issued for acquisition of a subsidiary (Note 32)  | 137,000   | 137,000                           | 137,000                              | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -  | -                                   |
| Share options granted under ESOS (Note 34)               | 1,932   | 1,932                             | -                                    | -                      | -                               | -                    | 1,932                       | -                              | -                                    | -                    | -  | -                                   |
| Issuance of shares to NCI                                | 1,500   | -                                 | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -  | 1,500                               |
| Transfer from share option reserve (Note 32 and Note 34) | -   | -                                 | 2,093                                | -                      | -                               | -                    | (2,093)                     | -                              | -                                    | -                    | -  | -                                   |
| Acquisition of subsidiary companies (Note 19)            | 6,448   | -                                 | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -  | 6,448                               |
| Acquisition of equity interest of NCI                    | (2,959)   | (2,778)                           | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | (2,778)                                  | (181)                               |
| Transfer to retained earnings (Note 34)                  | -   | -                                 | -                                    | -                      | -                               | -                    | (478)                       | -                              | -                                    | -                    | 478                                      | -                                   |
| Transfer to legal reserve (Note 34)                      | -   | -                                 | -                                    | -                      | -                               | 4,235                | -                           | -                              | -                                    | -                    | (4,235)                                  | -                                   |
| Transfer to ESGP   | 975   | 975                               | -                                    | 414                    | -                               | -                    | -                           | -                              | -                                    | -                    | 561                                      | -                                   |
| Transfer to other reserve                                | -   | -                                 | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | 2,898                | (2,898)                                  | -                                   |
| Dividends on NCI   | (5,655)   | -                                 | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | -  | (5,655)                             |
| Dividends on ordinary shares (Note 44)                   | (196,145)   | (196,145)                         | -                                    | -                      | -                               | -                    | -                           | -                              | -                                    | -                    | (196,145)                                | -                                   |
| <b>Total transactions with owners</b>                    | (44,932)  | (47,044)                          | 151,065                              | 414                    | -                               | 4,235                | (639)                       | -                              | -                                    | 2,898                | (205,017)                                | 2,112                               |
| <b>Closing balance at 31 August 2018</b>                 | 2,398,396   | 2,383,046                         | 787,709                              | (9,325)                | 35,339                          | 9,164                | 1,929                       | (41,504)                       | (1,163)                              | 2,898                | 1,597,999                                | 15,350                              |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

|  | ← Non-distributable → Distributable |                         |                           |                                |                             |
|--|-------------------------------------|-------------------------|---------------------------|--------------------------------|-----------------------------|
|  | Total equity<br>RM'000              | Share capital<br>RM'000 | Treasury shares<br>RM'000 | Share option reserve<br>RM'000 | Retained earnings<br>RM'000 |
| <b>2019</b>  |                                     |                         |                           |                                |                             |
| <b>Company</b>   |                                     |                         |                           |                                |                             |
| <b>Opening balance at 1 September 2018</b>               | 1,020,687                           | 787,709                 | (9,325)                   | 1,929                          | 240,374                     |
| <b>Total comprehensive income</b>                        | 209,218                             | -                       | -                         | -                              | 209,218                     |
| <b>Transactions with owners</b>                          |                                     |                         |                           |                                |                             |
| Issuance of ordinary shares pursuant to ESOS (Note 36)   | 662                                 | 662                     | -                         | -                              | -                           |
| Share options granted under ESOS (Note 34)               | 7,197                               | -                       | -                         | 7,197                          | -                           |
| Transfer from share option reserve (Note 32 and Note 34) | -                                   | 41                      | -                         | (131)                          | 90                          |
| Sale of treasury shares (Note 33)                        | 13,936                              | -                       | 6,217                     | -                              | 7,719                       |
| Transaction cost   | (86)                                | (86)                    | -                         | -                              | -                           |
| Transfer to ESGP (Note 33)                               | 2,716                               | -                       | 1,327                     | -                              | 1,389                       |
| Dividends on ordinary shares (Note 44)                   | (217,393)                           | -                       | -                         | -                              | (217,393)                   |
| <b>Total transactions with owners</b>                    | (192,968)                           | 617                     | 7,544                     | 7,066                          | (208,195)                   |
| <b>Closing balance at 31 August 2019</b>                 | 1,036,937                           | 788,326                 | (1,781)                   | 8,995                          | 241,397                     |
| <b>2018</b>  |                                     |                         |                           |                                |                             |
| <b>Company</b>   |                                     |                         |                           |                                |                             |
| <b>Opening balance at 1 September 2017</b>               | 831,194                             | 636,644                 | (9,739)                   | 2,568                          | 201,721                     |
| <b>Total comprehensive income</b>                        | 233,759                             | -                       | -                         | -                              | 233,759                     |
| <b>Transactions with owners</b>                          |                                     |                         |                           |                                |                             |
| Issuance of ordinary shares pursuant to ESOS (Note 36)   | 11,972                              | 11,972                  | -                         | -                              | -                           |
| Issuance of ordinary shares (Note 32)                    | 137,000                             | 137,000                 | -                         | -                              | -                           |
| Share options granted under ESOS (Note 34)               | 1,932                               | -                       | -                         | 1,932                          | -                           |
| Transfer from share option reserve (Note 32 and Note 34) | -                                   | 2,093                   | -                         | (2,093)                        | -                           |
| Transfer to retained earnings (Note 34)                  | -                                   | -                       | -                         | (478)                          | 478                         |
| Transfer to ESGP (Note 33)                               | 975                                 | -                       | 414                       | -                              | 561                         |
| Dividends on ordinary shares (Note 44)                   | (196,145)                           | -                       | -                         | -                              | (196,145)                   |
| <b>Total transactions with owners</b>                    | (44,266)                            | 151,065                 | 414                       | (639)                          | (195,106)                   |
| <b>Closing balance at 31 August 2018</b>                 | 1,020,687                           | 787,709                 | (9,325)                   | 1,929                          | 240,374                     |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

|  | Group           |                      | Company          |                  |
|--|-----------------|----------------------|------------------|------------------|
|  | 2019            | 2018                 | 2019             | 2018             |
|  | RM'000          | (Restated)<br>RM'000 | RM'000           | RM'000           |
| <b>Operating activities</b>  |                 |                      |                  |                  |
| Profit before tax  | 423,588         | 522,800              | 209,222          | 233,759          |
| Adjustments for :  |                 |                      |                  |                  |
| Gross dividends  | -               | -                    | (215,590)        | (239,030)        |
| Depreciation on property, plant and equipment (Note 16)                        | 188,817         | 143,613              | -                | -                |
| Amortisation of land use rights (Note 17)                                      | 2,417           | 1,519                | -                | -                |
| Amortisation of intangible assets (Note 23)                                    | 3,681           | 1,533                | -                | -                |
| Loss on disposal of property, plant and equipment                              | 1,965           | 904                  | -                | -                |
| Gain on disposal of land use rights  | (1,704)         | (4,664)              | -                | -                |
| Net (gain)/loss from fair value remeasurement on investment property (Note 18) | (619)           | 721                  | -                | -                |
| Loss/(gain) on disposal of debt securities                                     | 349             | (273)                | -                | -                |
| Property, plant and equipment written off                                      | 8,795           | 7,455                | -                | -                |
| Shares granted under ESGP  | 2,716           | 975                  | 156              | -                |
| Share options granted under ESOS   | 7,197           | 1,932                | 778              | 167              |
| Unrealised foreign exchange (gain)/loss  | (2,552)         | 22,158               | -                | -                |
| Share of results of an associate   | 2,674           | (6,168)              | -                | -                |
| Net fair value loss on derivatives   | 811             | 2,262                | -                | -                |
| Finance costs  | 79,601          | 36,772               | -                | -                |
| Interest income  | (10,611)        | (12,235)             | (41)             | (217)            |
| <b>Total adjustments</b>   | <b>283,537</b>  | <b>196,504</b>       | <b>(214,697)</b> | <b>(239,080)</b> |
| <b>Operating cash flows before changes in working capital</b>                  | <b>707,125</b>  | <b>719,304</b>       | <b>(5,475)</b>   | <b>(5,321)</b>   |
| <b>Changes in working capital</b>  |                 |                      |                  |                  |
| Inventories  | (124,034)       | (107,620)            | -                | -                |
| Receivables  | 46,676          | (93,013)             | (1,554)          | (1,071)          |
| Other current assets   | 41,835          | (54,088)             | -                | -                |
| Payables   | (6,024)         | (34,663)             | 33               | (1,057)          |
| <b>Total changes in working capital</b>  | <b>(41,547)</b> | <b>(289,384)</b>     | <b>(1,521)</b>   | <b>(2,128)</b>   |
| <b>Cash flows from/(used in) operations</b>                                    | <b>665,578</b>  | <b>429,920</b>       | <b>(6,996)</b>   | <b>(7,449)</b>   |
| Interest paid  | (79,601)        | (36,772)             | -                | -                |
| Income taxes (paid)/refunded   | (59,786)        | (51,924)             | (2)              | 4                |
| <b>Net cash flows generated from/(used in) operating activities</b>            | <b>526,191</b>  | <b>341,224</b>       | <b>(6,998)</b>   | <b>(7,445)</b>   |

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|   | Group            |                    | Company          |                  |
|---|------------------|--------------------|------------------|------------------|
|   | 2019             | 2018<br>(Restated) | 2019             | 2018             |
|   | RM'000           | RM'000             | RM'000           | RM'000           |
| <b>Investing activities</b>   |                  |                    |                  |                  |
| Purchase of property, plant and equipment                           | (568,143)        | (458,977)          | -                | -                |
| Purchase of land use rights   | (55,553)         | (341)              | -                | -                |
| Purchase of intangible assets                                       | (16)             | -                  | -                | -                |
| Additions to investment property                                    | (393)            | (2,619)            | -                | -                |
| Purchase of investment securities                                   | (138,438)        | (170,408)          | (13,701)         | (95,296)         |
| Proceeds from disposal of investment securities                     | 247,569          | 179,953            | 13,702           | 97,877           |
| Proceeds from disposal of land use rights                           | 3,440            | 9,306              | -                | -                |
| Increase in bank balances pledged with banks                        | (1,105)          | (3,413)            | -                | -                |
| Interest received   | 10,611           | 12,235             | 41               | 217              |
| Dividends from subsidiaries   | -                | -                  | 215,590          | 239,030          |
| Proceeds from disposal of property, plant and equipment             | 8,565            | 9,610              | -                | -                |
| Additional investment in subsidiaries                               | -                | -                  | (12,096)         | (51,457)         |
| Acquisition of equity interest of NCI                               | -                | (2,959)            | -                | -                |
| Net cash outflow on acquisition of subsidiaries                     | -                | (1,270,622)        | -                | -                |
| Repayment from subsidiaries   | -                | -                  | 6,266            | 914              |
| <b>Net cash flows (used in)/generated from investing activities</b> | <b>(493,463)</b> | <b>(1,698,235)</b> | <b>209,802</b>   | <b>191,285</b>   |
| <b>Financing activities</b>   |                  |                    |                  |                  |
| Proceeds from issuance of ordinary shares pursuant to ESOS          | 662              | 11,972             | 662              | 11,972           |
| Proceeds from sale of treasury shares                               | 13,936           | -                  | 13,936           | -                |
| Transaction cost  | (86)             | -                  | (86)             | -                |
| Dividends paid on ordinary shares (Note 44)                         | (217,393)        | (196,145)          | (217,393)        | (196,145)        |
| Dividends paid on non-controlling interests                         | (2,697)          | (5,655)            | -                | -                |
| Issuance of shares to non-controlling interests                     | 548              | 1,500              | -                | -                |
| Repayment of loans and borrowings                                   | (1,162,688)      | (292,402)          | -                | -                |
| Drawdown of loans and borrowings                                    | 518,753          | 1,763,664          | -                | -                |
| Proceeds from issuance of exchangeable bonds                        | 814,400          | -                  | -                | -                |
| <b>Net cash flows (used in)/generated from financing activities</b> | <b>(34,565)</b>  | <b>1,282,934</b>   | <b>(202,881)</b> | <b>(184,173)</b> |
| <b>Net decrease in cash and cash equivalents</b>                    | <b>(1,837)</b>   | <b>(74,077)</b>    | <b>(77)</b>      | <b>(333)</b>     |
| Effect of changes in foreign exchange rate                          | 2,828            | (5,718)            | -                | -                |
| <b>Cash and cash equivalents at 1 September 2018/2017</b>           | <b>158,724</b>   | <b>238,519</b>     | <b>151</b>       | <b>484</b>       |
| <b>Cash and cash equivalents at 31 August 2019/2018 (Note 28)</b>   | <b>159,715</b>   | <b>158,724</b>     | <b>74</b>        | <b>151</b>       |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019



## 1. Corporate information

Top Glove Corporation Bhd. (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited. The principal place of business of the Company is located at Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 19. There have been no significant changes in the nature of the principal activities during the financial year.

## 2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have also been prepared on a historical basis, unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

## 3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 31 August 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses, unrealised gains and losses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.



## 4. Summary of significant accounting policies

### 4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statements of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## 4. Summary of significant accounting policies (cont'd)

### 4.1 Business combinations and goodwill (cont'd)

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the entity acquired is reflected within equity as merger reserve. The statements of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

### 4.2 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

### 4.3 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

### 4.4 Investment in an associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment in an associate is measured in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

## 4. Summary of significant accounting policies (cont'd)

### 4.4 Investment in an associate (cont'd)

The financial statements of the associates are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of associates used in applying the equity method are prepared as of a different reporting date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Group's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

### 4.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statements of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit or loss.

#### (a) Customer relationships

The cost of customer relationships acquired in a business combination is at their fair value at the date of acquisition. Following the initial recognition, they are carried at cost less accumulated amortisation and any accumulated impairment losses.

The customer relationships are amortised on a straight line basis over its estimated useful lives of eleven years and assessed for impairment whenever there is an indication that the customer relationships may be impaired.

#### (b) Patents

The Group does not recognise internally generated brands, licenses and other similar intellectual property which cannot be distinguished from the cost of developing the Group's business as a whole. The patents were purchased by the Group through upfront payments made.

Acquired patents are recognised as an asset and initially measured at cost, which is the fair value of the consideration paid. After initial recognition, patents are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight line basis over its estimated useful lives of eight years.

## 4. Summary of significant accounting policies (cont'd)

### 4.6 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on a current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 4. Summary of significant accounting policies (cont'd)

### 4.7 Fair value measurement (cont'd)

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 4.8 Foreign currencies

#### (a) Functional and presentation currency

The Group's financial statements are presented in RM which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in foreign exchange reserve OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### (c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

## 4. Summary of significant accounting policies (cont'd)

### 4.9 Revenue and other income recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) Sale of goods

The Group is involved in manufacturing and trading of gloves.

Revenue is recognised at point in time upon transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume rebates. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

#### (b) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

#### (c) Management fees

Management fees are recognised when services are rendered.

#### (d) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

### 4.10 Employee benefits

#### (a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

## 4. Summary of significant accounting policies (cont'd)

### 4.10 Employee benefits (cont'd)

#### (c) Employee share options scheme

Employees of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

The employee share option reserve is transferred to retained earnings upon forfeiture or expiry of the share options.

#### (d) Employee share grant plan ("ESGP")

Employees of the Group and of the Company are entitled to performance based shares as consideration for services rendered. The ESGP may be settled by way of issuance or transfer of shares of the Group and of the Company or by cash at the discretion of the ESGP Committee. Trusts have been set up and are administered by an appointed trustee ("ESGP Trusts"). The trustee will be entitled from time to time, to accept advances from the Group and the Company, upon such terms and conditions as the Group and the Company and the trustee may agree to purchase the ordinary shares of the Group and of the Company ("Trust Shares") from the open market for the ESGP Trusts. The value of the ESGP Awards granted to Eligible Employees is recognised as an employee cost.

The ESGP Trusts' asset is consolidated into the Group's consolidated financial statements. Dividends received by the ESGP Trusts are eliminated against the Company's dividend payment.

### 4.11 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

## 4. Summary of significant accounting policies (cont'd)

### 4.11 Taxes (cont'd)

#### (b) Deferred tax (cont'd)

- (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) Good and services tax ("GST") and sales and services tax ("SST")

Revenue, expenses and assets are recognised net of the amount of GST and SST, except:

- (i) when the GST and SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST and SST are recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) when receivables and payables are stated with the amount of GST and SST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables respectively in the statements of financial position.

The payable amount of SST to the taxation authority is included as part of payables in the statements of financial position.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 4. Summary of significant accounting policies (cont'd)

### 4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 4.13 Property, plant and equipment

Capital work-in-progress, property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

|                     |                |
|---------------------|----------------|
| Buildings           | 20 to 50 years |
| Plant and equipment | 10 to 20 years |
| Other assets        | 5 to 10 years  |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 4.14 Investment Property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at using the investment method that makes reference to estimated market rental values and equivalent yields. Valuation is performed by accredited independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment property is included in profit or loss in the year in which they arise.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 4.13 up to the date of change in use.

## 4. Summary of significant accounting policies (cont'd)

### 4.15 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### (a) Group as lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

|                 |                 |
|-----------------|-----------------|
| Leasehold lands | 50 to 100 years |
|-----------------|-----------------|

#### (b) Group as lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 4.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, packing materials and consumables: purchase costs on a weighted average basis.
- Former: purchase costs on a first in, first out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 4.17 Impairment of non-financial assets

At each reporting date, an assessment is made as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## 4. Summary of significant accounting policies (cont'd)

### 4.17 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment calculation is based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

### 4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

## 4. Summary of significant accounting policies (cont'd)

### 4.18 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### Initial recognition and measurement (cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Group and the Company have no financial assets carried at fair value through OCI for equity instruments.

#### (i) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include cash and bank balances, trade and other receivables and other non-current financial assets.

#### (ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 4. Summary of significant accounting policies (cont'd)

### 4.18 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### Subsequent measurement (cont'd)

##### (iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group has designated derivatives that do not qualify for hedge accounting and money market funds at fair value through profit or loss.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## 4. Summary of significant accounting policies (cont'd)

### 4.18 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### Derecognition (cont'd)

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

##### Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debts instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sales of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognise in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within next 12 months ("a 12 months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance base on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit experience. The Group considers forward looking factors do not have significant impact to credit risk given the nature of its industry and the amount ECLs is insensitive to changes to forecast economic conditions.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group and the Company consider a financial assets to be default when internal and external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

## 4. Summary of significant accounting policies (cont'd)

### 4.18 Financial instruments (cont'd)

#### (b) Financial liabilities (cont'd)

##### Initial recognition and measurement (cont'd)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group and the Company's financial liabilities include trade and other payables, other current liabilities, derivative financial instruments, and loans and borrowings.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### (i) Trade and other payables

These are subsequently measured at amortised cost using the EIR method.

#### (ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has designated derivative financial instruments as financial liability at fair value through profit or loss.

#### (iii) Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 29.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

#### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 4. Summary of significant accounting policies (cont'd)

### 4.19 Derivative financial instruments and hedging activities

#### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

#### Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statements of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 4. Summary of significant accounting policies (cont'd)

### 4.19 Derivative financial instruments and hedging activities (cont'd)

#### Cash flow hedge (cont'd)

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

### 4.20 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less excluding deposits pledged with banks that are not available for use.

### 4.21 Share capital and share issue expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 4.22 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the retained earnings.

### 4.23 Cash dividend and non-cash distribution to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the Board of Directors and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

### 4.24 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When it is expected that some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statements net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 4. Summary of significant accounting policies (cont'd)

### 4.25 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### 4.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

### 4.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

## 5. New and amended standards

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

| Description   | Effective for annual periods beginning on or after |
|---|--|
| MFRS 9 Financial Instruments  | 1 January 2018                                     |
| MFRS 15 Revenue from Contracts with Customers   | 1 January 2018                                     |
| Clarifications to MFRS 15 Revenue from Contracts with Customers                             | 1 January 2018                                     |
| Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions    | 1 January 2018                                     |
| Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts | 1 January 2018                                     |
| Amendments to MFRS 140: Transfers of Investment Property                                    | 1 January 2018                                     |
| IC Interpretation 22: Foreign Currency Transactions and Advance Consideration               | 1 January 2018                                     |
| Annual Improvements to MFRS Standards 2014 – 2016 Cycle                                     | 1 January 2018                                     |

The adoption of the above standards and amendments had no material impact on the financial statements except as discussed below:

### MFRS 9 Financial Instruments

MFRS 9 brings together all three aspects of accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

The Group and the Company adopted this new standard on the required effective date and did not restate the comparative information. The Group and the Company performed assessment on these three aspects of the standard. Overall, the adoption of this standard has no significant impact to the statements of financial position and retained earnings of the Group and of the Company as at 1 September 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 5. New and amended standards (cont'd)

The adoption of the above standards and amendments had no material impact on the financial statements except as discussed below (cont'd):

### MFRS 9 Financial Instruments (cont'd)

#### (a) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Trade and other receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

Debt securities previously held as available-for-sale with gains and losses recorded in OCI will satisfy the conditions for classification as fair value through other comprehensive income ("FVOCI"). Fair value changes on debt securities at FVOCI are presented in OCI and are subsequently transferred to profit or loss. Upon sale of debt securities at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings. Money market funds previously measured at FVTPL will continue to be measured on the same basis under MFRS 9. Debt instruments previously measured at amortised cost meet the conditions for classification as amortised cost under MFRS 9.

There is no impact on the Group's and the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and modified financial liabilities, and the Group and the Company do not have any such financial liabilities.

#### (b) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. This impairment requirement does not have a significant impact on the Group's allowance of loss.

#### (c) Hedging

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under MFRS 9. The Group has chosen not to retrospectively apply MFRS 9 on transition to the hedges where the Group excluded the forward points from the hedge designation under MFRS 139. As MFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of MFRS 9 does not have a significant impact on the Group's financial statements.

### MFRS 15 Revenue from Contracts with Customer

MFRS 15 establishes a five-step model that will apply to revenue from a contract with a customer. MFRS 15 supersedes MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the initial application of 1 August 2018.

#### (a) Sales of goods

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. The overall revenue recognition requirement are captured in the steps of the five-step method.

The Group has assessed its sales of goods transactions to identify the performance obligation. The Group regards most of the sales transactions consist of a single performance obligation to transfer promised goods to customers as the Group views these sales transactions as having the same characteristic of bundled sales. As the sales transactions are expected to be the only performance obligation, the Group is not required to determine the allocation of the transaction price.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 5. New and amended standards (cont'd)

The adoption of the above standards and amendments had no material impact on the financial statements except as discussed below (cont'd):

### MFRS 15 Revenue from Contracts with Customer (cont'd)

#### (a) Sales of goods (cont'd)

The Group expects the revenue recognition to occur at the point in time when customers take control of the goods, generally on delivery of the goods to customers. As such, the Group concludes that there is no impact on the timing of revenue recognition for these sales.

## 6. New and amended standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are discussed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

| Descriptions  | Effective for annual periods<br>beginning on or after |
|---|---|
| Amendments to MFRS 9: Prepayment Features with Negative Compensation  | 1 January 2019  |
| MFRS 16 Leases  | 1 January 2019  |
| Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement   | 1 January 2019  |
| Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures  | 1 January 2019  |
| Annual Improvements to MFRSs 2015 - 2017 Cycle  | 1 January 2019  |
| IC Interpretation 23: Uncertainty over Income Tax Treatments  | 1 January 2019  |
| Amendments to MFRS 2: Share-based Payment   | 1 January 2020  |
| Amendments to MFRS 3: Business Combinations   | 1 January 2020  |
| Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources   | 1 January 2020  |
| Amendments to MFRS 14: Regulatory Deferral Accounts   | 1 January 2020  |
| Amendments to MFRS 101: Presentation of Financial Statements  | 1 January 2020  |
| Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors                                   | 1 January 2020  |
| Amendments to MFRS 134: Interim Financial Reporting   | 1 January 2020  |
| Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Asset  | 1 January 2020  |
| Amendments to MFRS 138: Intangible Assets   | 1 January 2020  |
| Amendments to IC Interpretation 12: Service Concession Agreements   | 1 January 2020  |
| Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments                           | 1 January 2020  |
| Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine                             | 1 January 2020  |
| Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration                               | 1 January 2020  |
| Amendments to IC Interpretation 132: Intangible Assets-Website Costs  | 1 January 2020  |
| MFRS 17 Insurance Contracts   | 1 January 2021  |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred  |

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

### MFRS 16 Leases

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

## 6. New and amended standards and interpretations issued but not yet effective (cont'd)

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below (cont'd):

### IFRS 16 Leases (cont'd)

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Based on readily available information as at date of this report, the Group and the Company do not expect the application of MFRS 16 to have significant impact on the financial statements.

The Group and the Company are in the midst of assessing the impact of application of this standard on the financial statements. However, this is not expected to have a significant impact on the overall results and financial positions of the Group and of the Company.

### Amendments to MFRS 9: Prepayment Features with Negative Compensation

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 September 2019, with earlier application permitted. These amendments are not expected to have significant impact on the Group's and on the Company's financial statements.

### IC Interpretation 23: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 Income Taxes. It does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- (i) Whether an entity considers uncertain tax treatments separately;
- (ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits; and
- (iv) How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. These amendments are not expected to have significant impact on the Group's and on the Company's financial statements.

## 7. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

## 7. Significant accounting judgements, estimates and assumptions (cont'd)

### 7.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has not made any critical judgements, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements except as discussed below:

#### Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property. The Group has determined that its property held to earn rental income or capital appreciation is investment property as only an insignificant portion of the property is used in the production or supply of goods or services or for administrative purposes and ancillary services are not significant to the property.

### 7.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) Inventories costing

In determining the costing of inventories, management's judgement is required in determining the basis of valuation for finished goods and work-in-progress which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

#### (b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated.

When value-in-use calculations are undertaken, management must estimate future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 23.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 8. Revenue

|  | Group     |                      | Company |         |
|--|-----------|----------------------|---------|---------|
|  | 2019      | 2018                 | 2019    | 2018    |
|  | RM'000    | (Restated)<br>RM'000 | RM'000  | RM'000  |
| <b>Revenue from contracts with customers</b> |           |                      |         |         |
| Geographical markets                         |           |                      |         |         |
| Malaysia                                     | 4,086,042 | 3,521,154            | -       | -       |
| Thailand                                     | 391,385   | 390,050              | -       | -       |
| The People's Republic of China               | 88,568    | 176,745              | -       | -       |
| Others                                       | 235,144   | 132,793              | -       | -       |
|  | 4,801,139 | 4,220,742            | -       | -       |
| <b>Revenue from other sources</b>            |           |                      |         |         |
| Management fees from subsidiaries            | -         | -                    | 5,374   | 4,912   |
| Dividend income from subsidiaries            | -         | -                    | 215,590 | 239,030 |
|  | -         | -                    | 220,964 | 243,942 |
| Total revenue                                | 4,801,139 | 4,220,742            | 220,964 | 243,942 |
| <b>Timing of revenue recognition</b>         |           |                      |         |         |
| Goods transferred at a point in time         | 4,801,139 | 4,220,742            | -       | -       |

### Performance obligation

The Group is in the business of selling of gloves and other healthcare products.

The performance obligation is satisfied upon shipment of the goods and payment is generally due within 30 to 90 (2018: 30 to 90) days.

The transaction price allocated to the remaining performance obligations (unsatisfied) as at 31 August 2019 are, as follows:

|                 | Group  |                      | Company |        |
|-----------------|--------|----------------------|---------|--------|
|                 | 2019   | 2018                 | 2019    | 2018   |
|                 | RM'000 | (Restated)<br>RM'000 | RM'000  | RM'000 |
| Within one year | 55,610 | 59,248               | -       | -      |

All remaining performance obligations are expected to be recognised within one year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 9. Interest income

|  | Group  |                    | Company |        |
|--|--------|--------------------|---------|--------|
|  | 2019   | 2018<br>(Restated) | 2019    | 2018   |
|  | RM'000 | RM'000             | RM'000  | RM'000 |
| Interest income from:  |        |                    |         |        |
| Financial assets at fair value through<br>other comprehensive income | 3,970  | 4,285              | -       | -      |
| Loans and receivables  | 3,996  | 3,926              | 21      | 217    |
| Financial assets at fair value<br>through profit or loss             | 2,616  | 4,011              | 20      | -      |
| Others   | 29     | 13                 | -       | -      |
|  | 10,611 | 12,235             | 41      | 217    |

## 10. Other income

|  | Group  |                    | Company |        |
|--|--------|--------------------|---------|--------|
|  | 2019   | 2018<br>(Restated) | 2019    | 2018   |
|  | RM'000 | RM'000             | RM'000  | RM'000 |
| Realised gain on foreign exchange  |        |                    |         |        |
| - realised   | -      | 4,039              | -       | -      |
| - unrealised   | 2,552  | -                  | -       | -      |
| Net gain from fair value remeasurement<br>on investment property (Note 18) | 619    | -                  | -       | -      |
| Rental income  | 10,461 | 9,557              | -       | -      |
| Gain on disposal of debt securities  | -      | 273                | -       | -      |
| Gain on disposal of land use rights  | 1,704  | 4,664              | -       | -      |
| Sales of scrap items   | 11,842 | 8,868              | -       | -      |
| Insurance claims   | 899    | 4,996              | -       | -      |
| Sundry income  | 10,475 | 7,601              | 2,064   | -      |
|  | 38,552 | 39,998             | 2,064   | -      |

## 11. Profit before tax

The following items have been charged in arriving at profit before tax:

|   | Group   |                    | Company |        |
|---|---------|--------------------|---------|--------|
|   | 2019    | 2018<br>(Restated) | 2019    | 2018   |
|   | RM'000  | RM'000             | RM'000  | RM'000 |
| Auditors' remuneration:                                       |         |                    |         |        |
| Company's auditors  |         |                    |         |        |
| - Statutory audit   |         |                    |         |        |
| - Current year  | 317     | 316                | 80      | 85     |
| - (Over)/under provision in prior years                       | (23)    | 14                 | (5)     | (7)    |
| - Other services  | 572     | 1,065              | 142     | 941    |
| Other auditors  |         |                    |         |        |
| - Statutory audit   |         |                    |         |        |
| - Current year  | 708     | 773                | -       | -      |
| - Over provision in prior years                               | (7)     | (2)                | -       | -      |
| Depreciation on property, plant<br>and equipment (Note 16)    | 188,817 | 143,613            | -       | -      |
| Amortisation of land use rights (Note 17)                     | 2,417   | 1,519              | -       | -      |
| Amortisation of intangible assets (Note 23)                   | 3,681   | 1,533              | -       | -      |
| Direct operating expenses arising<br>from investment property |         |                    |         |        |
| - Rental generating property                                  | 894     | 890                | -       | -      |



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 11. Profit before tax (cont'd)

The following items have been charged in arriving at profit before tax (cont'd):

|   | Group   |                    | Company |        |
|---|---------|--------------------|---------|--------|
|   | 2019    | 2018<br>(Restated) | 2019    | 2018   |
|   | RM'000  | RM'000             | RM'000  | RM'000 |
| Net loss on foreign exchange  |         |                    |         |        |
| - realised  | 13,186  | -                  | 2       | 6      |
| - unrealised  | -       | 22,158             | -       | -      |
| Net fair value loss on derivatives  | 811     | 2,262              | -       | -      |
| Employee benefits expense (Note 12)   | 589,769 | 495,585            | 5,150   | 4,085  |
| Non-executive directors' remuneration<br>(Note 13)                          | 1,326   | 839                | 1,071   | 837    |
| Operating lease - Minimum lease payment<br>for land, building and machinery | 5,966   | 2,600              | 88      | 88     |
| Net loss from fair value remeasurement<br>on investment property (Note 18)  | -       | 721                | -       | -      |
| Loss on disposal of property,<br>plant and equipment                        | 1,965   | 904                | -       | -      |
| Loss on disposal of debt securities   | 349     | -                  | -       | -      |
| Property, plant and equipment<br>written off                                | 8,795   | 7,455              | -       | -      |

## 12. Employee benefits expenses

|   | Group   |                    | Company |        |
|---|---------|--------------------|---------|--------|
|   | 2019    | 2018<br>(Restated) | 2019    | 2018   |
|   | RM'000  | RM'000             | RM'000  | RM'000 |
| Wages and salaries                        | 517,460 | 442,507            | 3,264   | 3,050  |
| Social security costs                     | 6,087   | 5,366              | 2       | 2      |
| Pension costs - defined contribution plan | 24,961  | 17,233             | 350     | 319    |
| Share options granted under ESOS          | 7,197   | 1,932              | 778     | 167    |
| Shares granted under ESGP                 | 2,716   | 975                | 156     | -      |
| Other staff related expenses              | 30,935  | 27,071             | 234     | 98     |
| Executive directors' fees                 | 413     | 501                | 366     | 449    |
|   | 589,769 | 495,585            | 5,150   | 4,085  |

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM11,341,000 (2018: RM11,102,000) and RM4,675,000 (2018: RM4,121,000) respectively as further disclosed in Note 13.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 13. Directors' remuneration

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>RM'000 | 2018<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
| <b>Directors of the Company</b>                            |                |                |                |                |
| Executive:   |                |                |                |                |
| Salaries and other emoluments                              | 4,785          | 5,240          | 3,289          | 3,208          |
| Pension costs - defined contribution plan                  | 397            | 488            | 332            | 302            |
| Social security contributions                              | 1              | 2              | 1              | 1              |
| Share options granted under ESOS                           | 689            | 204            | 589            | 161            |
| Shares granted under ESGP                                  | 138            | -              | 98             | -              |
| Fees   | 366            | 453            | 366            | 449            |
| Benefits-in-kind   | 82             | 105            | 60             | 50             |
|  | 6,458          | 6,492          | 4,735          | 4,171          |
| Non-executive:   |                |                |                |                |
| Fees   | 872            | 753            | 872            | 753            |
| Other emoluments   | 452            | 84             | 199            | 84             |
|  | 1,324          | 837            | 1,071          | 837            |
| <b>Other directors</b>                                     |                |                |                |                |
| Executive:   |                |                |                |                |
| Salaries and other emoluments                              | 4,255          | 4,230          | -              | -              |
| Pension costs - defined contribution plan                  | 372            | 311            | -              | -              |
| Social security contributions                              | 9              | 10             | -              | -              |
| Share options granted under ESOS                           | 275            | 98             | -              | -              |
| Shares granted under ESGP                                  | 7              | 18             | -              | -              |
| Fees   | 47             | 48             | -              | -              |
| Benefits-in-kind   | 115            | 106            | -              | -              |
|  | 5,080          | 4,821          | -              | -              |
| Non-executive:   |                |                |                |                |
| Fees   | 2              | 2              | -              | -              |
| Analysis excluding benefits-in-kind:                       |                |                |                |                |
| Total executive directors' remuneration (Note 12)          | 11,341         | 11,102         | 4,675          | 4,121          |
| Total non-executive directors' remuneration (Note 11)      | 1,326          | 839            | 1,071          | 837            |
| Total directors' remuneration (excluding benefits-in-kind) | 12,667         | 11,941         | 5,746          | 4,958          |
| Benefits-in-kind   | 197            | 211            | 60             | 50             |
| Total directors' remuneration (including benefits-in-kind) | 12,864         | 12,152         | 5,806          | 5,008          |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 14. Income tax expense

### Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2019 and 2018 are as follows:

|   | Group    |                    | Company |        |
|---|----------|--------------------|---------|--------|
|   | 2019     | 2018<br>(Restated) | 2019    | 2018   |
|   | RM'000   | RM'000             | RM'000  | RM'000 |
| Current income tax:   |          |                    |         |        |
| - Malaysian income tax  | 57,329   | 56,257             | -       | -      |
| - Foreign tax   | 6,071    | 14,707             | -       | -      |
| - Real property gain tax ("RPGT")                               | 301      | 177                | -       | -      |
| - (Over)/under provision in respect of previous years           | (11,867) | 3,931              | 4       | -      |
|   | 51,834   | 75,072             | 4       | -      |
| Deferred income tax (Note 21):                                  |          |                    |         |        |
| - Relating to origination and reversal of temporary differences | 11,422   | 10,091             | -       | -      |
| - (Over)/under provision in respect of previous years           | (7,214)  | 4,431              | -       | -      |
|   | 4,208    | 14,522             | -       | -      |
| Income tax expense recognised in profit or loss                 | 56,042   | 89,594             | 4       | -      |

### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2019 and 2018 are as follows:

|  | Group    |                    | Company  |          |
|--|----------|--------------------|----------|----------|
|  | 2019     | 2018<br>(Restated) | 2019     | 2018     |
|  | RM'000   | RM'000             | RM'000   | RM'000   |
| Profit before tax  | 423,588  | 522,800            | 209,222  | 233,759  |
| Tax at Malaysian statutory tax rate of 24% (2018: 24%)   | 101,661  | 125,472            | 50,213   | 56,102   |
| <b>Adjustments:</b>  |          |                    |          |          |
| Different tax rates in other countries   | (656)    | (2,637)            | -        | -        |
| Effects of tax incentives claimed by foreign subsidiaries  | (4,241)  | (7,886)            | -        | -        |
| Income not subject to tax  | (5,369)  | (15,162)           | (52,247) | (57,418) |
| Effect of change in RPGT   | 1,998    | -                  | -        | -        |
| Non-deductible expenses  | 34,477   | 30,196             | 2,061    | 1,314    |
| Effect of income subject to RPGT   | 301      | 177                | -        | -        |
| Expenses entitled for double deduction   | (74)     | (27)               | -        | -        |
| Utilisation of tax incentives  | (23,178) | (44,457)           | -        | -        |
| Utilisation of previously unrecognised tax losses and unabsorbed capital allowance   | (446)    | (386)              | (27)     | -        |
| Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowance  | 2,218    | 327                | -        | 2        |
| Deferred tax assets recognised in respect of previously unutilised tax losses, unrecognised export allowance, reinvestment allowance and capital allowance | -        | (2,905)            | -        | -        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 14. Income tax expense (cont'd)

### Reconciliation between tax expense and accounting profit (cont'd)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2019 and 2018 are as follows (cont'd):

|   | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
|---|----------------|------------------------------|----------------|----------------|
| <u>Adjustments (cont'd):</u>  |                |                              |                |                |
| Deferred tax assets recognised in respect of reinvestment allowance | (32,210)       | -                            | -              | -              |
| Share of results of an associate                                    | 642            | (1,480)                      | -              | -              |
| (Over)/under provision of deferred tax in respect of previous years | (7,214)        | 4,431                        | -              | -              |
| (Over)/under provision of income tax in respect of previous years   | (11,867)       | 3,931                        | 4              | -              |
| Income tax expense recognised in profit or loss                     | 56,042         | 89,594                       | 4              | -              |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## 15. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

|   | 2019      | 2018<br>(Restated) |
|---|-----------|--------------------|
| Profit net of tax attributable to owners of the parent (RM'000) | 364,678   | 428,830            |
| Weighted average number of ordinary shares in issue ('000)      | 2,555,009 | 2,539,260          |
| Basic earnings per share (sen)                                  | 14.27     | 16.89              |

### (b) Diluted

Diluted earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent (after adjusting for interest on the exchangeable bonds) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

|   | 2019    | 2018<br>(Restated) |
|---|---------|--------------------|
| Profit net of tax attributable to owners of the parent (RM'000)                                   | 364,678 | 428,830            |
| Net interest savings from assumed exchange of Guaranteed Exchangeable Bonds at inception (RM'000) | 16,992  | -                  |
| Adjusted profit net of tax attributable to owners of the parent (RM'000)                          | 381,670 | 428,830            |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 15. Earnings per share (cont'd)

### (b) Diluted (cont'd)

|  | 2019      | 2018<br>(Restated) |
|--|-----------|--------------------|
| Weighted average number of ordinary shares in issue ('000)                       | 2,555,009 | 2,539,260          |
| Effect of dilution from:   |           |                    |
| Share options ('000)   | 386       | 6                  |
| Exchangeable bonds ('000)  | 131,215   | -                  |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 2,686,610 | 2,539,266          |
| Diluted earnings per share (sen)   | 14.21     | 16.89              |

The weighted average number of ordinary shares issued as at 31 August 2019 and 2018 have been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 29 October 2018. Further details are disclosed in Note 32.

## 16. Property, plant and equipment

|   | Land and buildings<br>RM'000 | Plant and equipment<br>RM'000 | * Other assets<br>RM'000 | Capital work-in-progress<br>RM'000 | Total<br>RM'000 |
|---|------------------------------|-------------------------------|--------------------------|------------------------------------|-----------------|
| <b>Group</b>  |                              |                               |                          |                                    |                 |
| <b>Cost</b>   |                              |                               |                          |                                    |                 |
| <b>At 1 September 2017</b>                                | 743,258                      | 1,228,991                     | 140,199                  | 243,436                            | 2,355,884       |
| Additions   | 26,215                       | 166,599                       | 28,426                   | 238,024                            | 459,264         |
| Transfer to investment property (Note 18)                 | -                            | -                             | -                        | (2)                                | (2)             |
| Acquisition of subsidiary companies                       | 79,520                       | 226,149                       | 8,314                    | 1,906                              | 315,889         |
| Reclassification  | 43,083                       | 108,175                       | 3,626                    | (154,884)                          | -               |
| Written off   | (1,784)                      | (18,930)                      | (1,361)                  | (12)                               | (22,087)        |
| Disposals   | (6,946)                      | (24,183)                      | (2,525)                  | (348)                              | (34,002)        |
| Exchange differences                                      | (4,513)                      | (8,976)                       | (504)                    | (207)                              | (14,200)        |
| <b>At 31 August 2018/<br/>1 September 2018 (Restated)</b> | 878,833                      | 1,677,825                     | 176,175                  | 327,913                            | 3,060,746       |
| Additions   | 30,634                       | 220,546                       | 47,370                   | 269,593                            | 568,143         |
| Reclassification  | 137,422                      | 121,583                       | 29,678                   | (288,683)                          | -               |
| Written off   | (2,344)                      | (38,514)                      | (1,684)                  | (1)                                | (42,543)        |
| Disposals   | (7,181)                      | (58,265)                      | (2,891)                  | (2)                                | (68,339)        |
| Exchange differences                                      | 8,207                        | 21,476                        | 1,358                    | 668                                | 31,709          |
| <b>At 31 August 2019</b>                                  | 1,045,571                    | 1,944,651                     | 250,006                  | 309,488                            | 3,549,716       |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 16. Property, plant and equipment (cont'd)

|   | Land and buildings<br>RM'000 | Plant and equipment<br>RM'000 | * Other assets<br>RM'000 | Capital work-in-progress<br>RM'000 | Total<br>RM'000 |
|---|------------------------------|-------------------------------|--------------------------|------------------------------------|-----------------|
| <b>Group</b>  |                              |                               |                          |                                    |                 |
| <b>Accumulated depreciation</b>                           |                              |                               |                          |                                    |                 |
| <b>At 1 September 2017</b>                                | 76,660                       | 699,965                       | 80,773                   | -                                  | 857,398         |
| Depreciation charge for the year (Note 11)                | 11,506                       | 113,354                       | 18,753                   | -                                  | 143,613         |
| Reclassification  | (2)                          | (11)                          | 13                       | -                                  | -               |
| Written off   | (312)                        | (13,159)                      | (1,161)                  | -                                  | (14,632)        |
| Disposals   | (323)                        | (21,606)                      | (1,559)                  | -                                  | (23,488)        |
| Exchange differences                                      | (849)                        | (5,745)                       | (313)                    | -                                  | (6,907)         |
| <b>At 31 August 2018/<br/>1 September 2018 (Restated)</b> | 86,680                       | 772,798                       | 96,506                   | -                                  | 955,984         |
| Depreciation charge for the year (Note 11)                | 12,485                       | 152,482                       | 23,850                   | -                                  | 188,817         |
| Reclassification  | (5,709)                      | -                             | 5,709                    | -                                  | -               |
| Written off   | (738)                        | (31,805)                      | (1,205)                  | -                                  | (33,748)        |
| Disposals   | (636)                        | (54,632)                      | (2,541)                  | -                                  | (57,809)        |
| Exchange differences                                      | 1,395                        | 14,082                        | 969                      | -                                  | 16,446          |
| <b>At 31 August 2019</b>                                  | 93,477                       | 852,925                       | 123,288                  | -                                  | 1,069,690       |
| <b>Net carrying amount</b>                                |                              |                               |                          |                                    |                 |
| At 31 August 2018 (Restated)                              | 792,153                      | 905,027                       | 79,669                   | 327,913                            | 2,104,762       |
| At 31 August 2019   | 952,094                      | 1,091,726                     | 126,718                  | 309,488                            | 2,480,026       |

\* Other assets comprise motor vehicles, computer and software system, office equipment, signage, small value of assets, fire extinguisher, furniture and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 16. Property, plant and equipment (cont'd)

### Land and buildings

|  | Freehold land<br>RM'000 | Buildings<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|---------------------|-----------------|
| <b>Group</b>   |                         |                     |                 |
| <b>Cost</b>  |                         |                     |                 |
| <b>At 1 September 2017</b>                           | 356,111                 | 387,147             | 743,258         |
| Additions  | 1,667                   | 24,548              | 26,215          |
| Acquisition of subsidiary companies                  | 1,443                   | 78,077              | 79,520          |
| Reclassification                                     | 68                      | 43,015              | 43,083          |
| Written off  | -                       | (1,784)             | (1,784)         |
| Disposals  | -                       | (6,946)             | (6,946)         |
| Exchange differences                                 | (848)                   | (3,665)             | (4,513)         |
| <b>At 31 August 2018/1 September 2018 (Restated)</b> | 358,441                 | 520,392             | 878,833         |
| Additions  | 1,461                   | 29,173              | 30,634          |
| Reclassification                                     | 74,429                  | 62,993              | 137,422         |
| Written off  | (27)                    | (2,317)             | (2,344)         |
| Disposals  | (1,080)                 | (6,101)             | (7,181)         |
| Exchange differences                                 | 2,242                   | 5,965               | 8,207           |
| <b>At 31 August 2019</b>                             | 435,466                 | 610,105             | 1,045,571       |
| <b>Accumulated depreciation</b>                      |                         |                     |                 |
| <b>At 1 September 2017</b>                           | -                       | 76,660              | 76,660          |
| Depreciation charge for the year                     | -                       | 11,506              | 11,506          |
| Reclassification                                     | -                       | (2)                 | (2)             |
| Written off  | -                       | (312)               | (312)           |
| Disposals  | -                       | (323)               | (323)           |
| Exchange differences                                 | -                       | (849)               | (849)           |
| <b>At 31 August 2018/1 September 2018 (Restated)</b> | -                       | 86,680              | 86,680          |
| Depreciation charge for the year                     | -                       | 12,485              | 12,485          |
| Reclassification                                     | -                       | (5,709)             | (5,709)         |
| Written off  | -                       | (738)               | (738)           |
| Disposals  | -                       | (636)               | (636)           |
| Exchange differences                                 | -                       | 1,395               | 1,395           |
| <b>At 31 August 2019</b>                             | -                       | 93,477              | 93,477          |
| <b>Net carrying amount</b>                           |                         |                     |                 |
| At 31 August 2018 (Restated)                         | 358,441                 | 433,712             | 792,153         |
| At 31 August 2019                                    | 435,466                 | 516,628             | 952,094         |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 16. Property, plant and equipment (cont'd)

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM568,143,000 (2018: RM459,264,000) of which nil (2018: RM287,000) was acquired by means of finance lease.
- (b) Property, plant and equipment of a subsidiary with the following net carrying amount is pledged to a bank for banking facility granted to the subsidiary as disclosed in Note 29.

|                          | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|--------------------------|----------------|------------------------------|
| Freehold land            | -              | 1,080                        |
| Buildings                | -              | 76,003                       |
| Plant and equipment      | -              | 70,726                       |
| Motor vehicles           | -              | 122                          |
| Capital work-in-progress | -              | 1,980                        |
|                          | -              | 149,911                      |

- (c) Property, plant and equipment of subsidiaries with the following net carrying amount is under finance lease arrangements as disclosed in Note 29.

|                     | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|---------------------|----------------|------------------------------|
| Plant and equipment | 504            | 755                          |
| Motor vehicles      | 279            | 1,225                        |
|                     | 783            | 1,980                        |



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 17. Land use rights

|   | Group          |                      |
|---|----------------|----------------------|
|   | 2019           | 2018                 |
|   | RM'000         | (Restated)<br>RM'000 |
| <b>Cost</b>   |                |                      |
| <b>At 1 September 2018/2017</b>                     | 132,855        | 45,092               |
| Additions   | 55,553         | 341                  |
| Acquisition of subsidiary companies                 | -              | 92,693               |
| Disposals   | (1,762)        | (4,923)              |
| Exchange differences                                | 68             | (348)                |
| <b>At 31 August 2019/2018</b>                       | <b>186,714</b> | <b>132,855</b>       |
| <b>Accumulated amortisation</b>                     |                |                      |
| <b>At 1 September 2018/2017</b>                     | 5,826          | 4,635                |
| Amortisation for the year (Note 11)                 | 2,417          | 1,519                |
| Disposals   | (26)           | (281)                |
| Exchange differences                                | 2              | (47)                 |
| <b>At 31 August 2019/2018</b>                       | <b>8,219</b>   | <b>5,826</b>         |
| <b>Net carrying amount</b>                          | <b>178,495</b> | <b>127,029</b>       |
| Amount to be amortised:                             |                |                      |
| - Not later than one year                           | 3,430          | 2,522                |
| - Later than one year but not later than five years | 10,869         | 10,088               |
| - Later than five years                             | 164,196        | 114,419              |
|   | <b>178,495</b> | <b>127,029</b>       |

The net carrying amounts of land use rights pledged as securities for loans and borrowings as disclosed in Note 29 amounted to nil (2018: RM58,079,000).

## 18. Investment property

|   | Group          |                |
|---|----------------|----------------|
|   | 2019           | 2018           |
|   | RM'000         | RM'000         |
| Fair value of investment property (Note 39)                         | 163,900        | 163,900        |
| <b>Freehold land and building</b>                                   |                |                |
|   | 2019           | 2018           |
|   | RM'000         | RM'000         |
| <b>Group</b>  |                |                |
| <b>Fair value</b>   |                |                |
| <b>At 1 September 2018/2017</b>                                     | 163,900        | 162,000        |
| Additions from subsequent expenditure                               | 393            | 2,619          |
| Transfer from property, plant and equipment (Note 16)               | -              | 2              |
| Adjustment on overaccrual of cost in prior year                     | (1,012)        | -              |
| Net gain/(loss) from fair value remeasurement (Note 10 and Note 11) | 619            | (721)          |
| <b>At 31 August 2019/2018</b>                                       | <b>163,900</b> | <b>163,900</b> |

## 18. Investment property (cont'd)

The fair value of the investment property was based on a valuation by an accredited independent qualified valuer. Valuation was based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, maintenance requirements and approximate capitalisation rates were used.

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation model.

|                   | Valuation technique | Significant unobservable inputs                  | Range            |                  |
|-------------------|---------------------|--|------------------|------------------|
|                   |                     |  | 2019             | 2018             |
| Land and building | Investment method   | Estimated rental value per square feet per month | RM4.50 to RM5.50 | RM4.70 to RM5.50 |
|                   |                     | Term yield rate                                  | 6.5%             | 6.5%             |
|                   |                     | Occupancy rate                                   | 87.0%            | 85.0%            |
|                   |                     | Long term vacancy rate                           | 10.0%            | 10.0%            |
|                   |                     | Reversionary yield rate                          | 7.0%             | 7.0%             |

Using the discounted cash flows method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increase/(decrease) in estimated rental value in isolation would result in a significantly higher/(lower) fair value of the property. Significant increases/(decreases) in the long term vacancy rate and yield rates in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries

|                                     | Company        |                |
|-------------------------------------|----------------|----------------|
|                                     | 2019<br>RM'000 | 2018<br>RM'000 |
| Unquoted shares, at cost:           |                |                |
| - In Malaysia                       | 1,032,173      | 1,020,077      |
| Less: Accumulated impairment losses | (4,845)        | (4,845)        |
|                                     | 1,027,328      | 1,015,232      |
| - Outside Malaysia                  | 3,728          | 3,728          |
|                                     | 1,031,056      | 1,018,960      |

### (a) Acquisition of additional equity interest in subsidiaries

#### (i) Top Care Sdn. Bhd.

On 30 August 2019, Top Care Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM142,207,000 to RM151,653,000.

#### (ii) Top Feel Sdn. Bhd.

On 30 August 2019, Top Feel Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM1 to RM2,650,000.

Details of the subsidiaries are as follows:

| Name   | Country of incorporation/<br>principal place<br>of business | Proportion of<br>ownership interest (%) |      | Principal activities                |
|--|---|---|------|-------------------------------------|
|  |   | 2019                                    | 2018 |                                     |
| <b>Held by the Company:</b>  |   |   |      |                                     |
| Top Glove Sdn. Bhd.*   | Malaysia  | 100                                     | 100  | Manufacturing and trading of gloves |
| TG Medical Sdn. Bhd.#  | Malaysia  | 100                                     | 100  | Manufacturing and trading of gloves |
| Great Glove (Malaysia) Sdn. Bhd.<br>(Formerly known as Great Glove Sdn. Bhd.)# | Malaysia  | 100                                     | 100  | Provision of management services    |
| Top Glove Engineering Sdn. Bhd.#   | Malaysia  | 100                                     | 100  | Property investment                 |
| TG Medical (U.S.A.), Inc.#   | United States of America                                    | 100                                     | 100  | Trading of gloves                   |
| Top Quality Glove Sdn. Bhd.*   | Malaysia  | 100                                     | 100  | Manufacturing and trading of gloves |
| Top Care Sdn. Bhd.*  | Malaysia  | 100                                     | 100  | Investment holding                  |
| GMP Medicare Sdn. Bhd.*  | Malaysia  | 100                                     | 100  | Manufacturing and trading of gloves |
| Eastern Press Sdn. Bhd.#   | Malaysia  | 100                                     | 100  | Printer and stationery              |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

| Name                                      | Country of incorporation/<br>principal place of business | Proportion of ownership interest (%) |      | Principal activities  |
|---|--|--------------------------------------|------|---|
|   |  | 2019                                 | 2018 |   |
| <b>Held by the Company (cont'd):</b>      |  |                                      |      |   |
| Top Feel Sdn. Bhd.#                       | Malaysia   | 100                                  | 100  | Manufacture and sale of condoms and rubber related products |
| Top Glove Labuan Ltd.#                    | Malaysia   | 100                                  | 100  | Investment holding  |
| Top Glove Global Sdn. Bhd.#               | Malaysia   | 100                                  | 100  | Provision of management services                            |
| <b>Held through Top Glove Sdn. Bhd.:</b>  |  |                                      |      |   |
| Great Glove (Thailand) Co. Ltd.#          | Thailand   | 74                                   | 74   | Manufacturing and trading of gloves                         |
| Top Glove Medical (Thailand) Co. Ltd.#    | Thailand   | 100                                  | 100  | Manufacturing and trading of gloves                         |
| Top Glove Technology (Thailand) Co. Ltd.# | Thailand   | 100                                  | 100  | Producing and selling concentrate latex                     |
| B Tech Industry Co. Ltd.#                 | Thailand   | 100                                  | 100  | Producing and selling concentrate latex                     |
| Top Quality Gloves (Thailand) Co. Ltd.#   | Thailand   | 100                                  | 100  | Dormant   |
| Top Glove Europe GmbH #                   | Germany  | 97.5                                 | 97.5 | Trading of gloves   |
| Great Glove (Xinghua) Co. Ltd.#           | The People's Republic of China                           | 100                                  | 100  | Manufacturing and trading of gloves                         |
| TG Medical Suzhou Co. Ltd.#               | The People's Republic of China                           | 100                                  | 100  | Trading of gloves   |
| Top Glove International Sdn. Bhd.#        | Malaysia   | 100                                  | 100  | Research and development on gloves and rubber goods         |
| Top Glove Properties Sdn. Bhd.#           | Malaysia   | 100                                  | 100  | Property investment   |
| Medi-Flex Pte. Ltd. ("Medi-Flex")#        | Singapore/<br>Malaysia                                   | 100                                  | 100  | Investment holding  |
| BestStar Enterprise Ltd.*                 | The British Virgin Islands/<br>Malaysia                  | 100                                  | 100  | Investment holding  |
| Flexitech Sdn. Bhd.*                      | Malaysia   | 100                                  | 100  | Manufacturing and trading of gloves                         |
| TG Porcelain Sdn. Bhd.#                   | Malaysia   | 100                                  | 100  | Manufacturing of formers                                    |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

| Name   | Country of incorporation/<br>principal place of business | Proportion of ownership interest (%) |      | Principal activities   |
|--|--|--------------------------------------|------|--|
|  |  | 2019                                 | 2018 |  |
| <b>Held through Top Glove Sdn. Bhd. (cont'd):</b>                    |  |                                      |      |  |
| TGGD Medical Clinic Sdn. Bhd.#                                       | Malaysia   | 75                                   | 75   | Providing of clinical and specialist medical services                  |
| TG FMT Sdn. Bhd.*  | Malaysia   | 70                                   | 70   | Manufacturing and trading of chemicals                                 |
| Top Glove Chemicals Sdn. Bhd.#                                       | Malaysia   | 100                                  | 100  | Manufacturing of chemicals and chemical compounds                      |
| Top Glove Vietnam Company Limited#                                   | Vietnam  | 100                                  | -    | Manufacturing of vinyl gloves and other product                        |
| Top Catheter Sdn. Bhd. (Formerly known as Champion March Sdn. Bhd.)# | Malaysia   | 100                                  | -    | Manufacturing and trading of healthcare products                       |
| Top Synthetic Rubber Sdn. Bhd.#                                      | Malaysia   | 100                                  | -    | Manufacturing and trading of chemical products                         |
| <b>Held through TG Medical Sdn. Bhd.:</b>                            |  |                                      |      |  |
| Top Healthy Fitness Sdn. Bhd.#                                       | Malaysia   | 100                                  | 100  | Fitness centre   |
| TG Raytech Sdn. Bhd.#  | Malaysia   | 95                                   | -    | Providing innovative healthcare related products and service solutions |
| <b>Held through Great Glove (Xinghua) Co. Ltd.:</b>                  |  |                                      |      |  |
| TG Medical (Xinghua) Co. Ltd.#                                       | The People's Republic of China                           | 100                                  | 100  | Trading of gloves  |
| TG Medical (Putian) Co. Ltd.#  | The People's Republic of China                           | 100                                  | 100  | Trading of gloves  |
| <b>Held through Top Care Sdn. Bhd.:</b>                              |  |                                      |      |  |
| Best Advance Resources Limited#                                      | Malaysia   | 100                                  | 100  | Investment holding   |
| Green Resources Limited#   | Malaysia   | 100                                  | 100  | Investment holding   |
| Aspion Sdn. Bhd.#  | Malaysia   | 100                                  | 100  | Investment holding   |
| <b>Held through Top Feel Sdn. Bhd.:</b>                              |  |                                      |      |  |
| Duramedical Sdn. Bhd.#   | Malaysia   | 85                                   | 85   | Manufacturing of rubber dental dams and exercise bands                 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

| Name   | Country of incorporation/<br>principal place of business | Proportion of ownership interest (%) |      | Principal activities  |
|--|--|--------------------------------------|------|---|
|  |  | 2019                                 | 2018 |   |
| <b>Held through Best Advance:</b>                          |  |                                      |      |   |
| PT. Topglove Indonesia#^                                   | Indonesia  | 100                                  | 100  | Investment holding  |
| <b>Held through PT Top Glove:</b>                          |  |                                      |      |   |
| PT. Agro Pratama Sejahtera#                                | Indonesia  | 95                                   | 95   | Plantation of rubber trees  |
| <b>Held through PT Agro Pratama Sejahtera:</b>             |  |                                      |      |   |
| PT. Top Green Forestry#Ω                                   | Indonesia  | 57                                   | -    | Plantation  |
| <b>Held through Aspion:</b>                                |  |                                      |      |   |
| Adventa Health Sdn. Bhd.#                                  | Malaysia   | 100                                  | 100  | Distribution of medical gloves and other hospital related products        |
| Terang Nusa (Malaysia) Sdn. Bhd.#                          | Malaysia   | 100                                  | 100  | Manufacturing and distribution of surgical and medical examination gloves |
| Cytotec (M) Sdn. Bhd.#                                     | Malaysia   | 100                                  | 100  | Generation and supply of energy and electricity using biomass technology  |
| Purnabina Sdn. Bhd.#^^                                     | Malaysia   | 97.2                                 | 97.2 | Manufacturing and distribution of medical gloves                          |
| Sentienx Sdn. Bhd.#  | Malaysia   | 100                                  | 100  | Manufacturing and distribution of medical and protection gloves           |
| Terang Nusa Sdn. Bhd.#                                     | Malaysia   | 100                                  | 100  | Dormant   |
| Ulma International GmbH#                                   | Germany  | 100                                  | 100  | Distribution of medical gloves and other hospital related products        |
| Suizze Health Ltd#   | Hong Kong/<br>Malaysia                                   | 100                                  | 100  | Investment holding  |
| <b>Held through Adventa Health Sdn. Bhd.:</b>              |  |                                      |      |   |
| Beijing Adventa Health Supplies Co. Ltd.#                  | The People's Republic of China                           | -                                    | 100  | Distribution of medical products and medical devices                      |
| <b>Held through Suizze Health Limited:</b>                 |  |                                      |      |   |
| Kevenoll Do Brasil Produtos Medicos Hospitalares LTDA**^^^ | Brazil   | 100                                  | 100  | Distribution of medical products and medical devices                      |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

\* Audited by Ernst & Young, Malaysia

\*\* Audited by member firms of Ernst & Young Global in the respective countries

# Audited by firms other than Ernst & Young

^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

|                                    | 2019  | 2018  |
|------------------------------------|-------|-------|
| (i) Best Advance Resources Limited | 99.9% | 99.9% |
| (ii) Green Resources Limited       | 0.1%  | 0.1%  |

^^ The total equity interests held by the Group is 97.2% and it is held by the following subsidiaries:

|                                       | 2019  | 2018  |
|---------------------------------------|-------|-------|
| (i) Aspion Sdn Bhd                    | 95.2% | 95.2% |
| (ii) Terang Nusa (Malaysia) Sdn. Bhd. | 2.0%  | 2.0%  |

^^^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

|                        | 2019  | 2018   |
|------------------------|-------|--------|
| (i) Aspion Sdn Bhd     | 0.1%  | -      |
| (ii) Suizze Health Ltd | 99.9% | 100.0% |

Ω The total equity interests held by the Group is 57% and it is held by the following subsidiaries:

|                            | 2019  | 2018 |
|----------------------------|-------|------|
| PT. Agro Pratama Sejahtera | 60.0% | -    |

### Changes in group structure

#### (a) Incorporation of Top Glove Vietnam Company Limited. ("Top Glove Vietnam")

On 19 December 2018, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd., incorporated Top Glove Vietnam under the enterprise registration certificate granted by the Department of Planning and Investment of Binh Duong Province with charter capital of VND136,698 million only.

#### (b) Incorporation of Top Synthetic Rubber Sdn. Bhd. ("Top SR")

On 25 January 2019, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd., incorporated Top SR in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1.00 comprising 1 ordinary share. Top Glove Sdn. Bhd. owns the entire issued and paid-up share capital of Top SR upon which, Top SR becomes 100% sub-subsidiary of the Company.

#### (c) Incorporation of TG Raytech Sdn. Bhd. ("TG Raytech")

On 16 May 2019, the Company, through its wholly-owned subsidiary, TG Medical Sdn. Bhd., incorporated TG Raytech in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1,000.00 comprising 1,000 ordinary shares. TG Medical Sdn. Bhd. owns 950 shares in TG Raytech, representing 95% of the issued and paid-up share capital of TG Raytech upon which, TG Raytech becomes a 95% sub-subsidiary of the Company.

#### (d) Incorporation of PT. Top Green Forestry ("PT TGF")

On 4 July 2019, the Company, through its 95% owned subsidiary, PT. Agro Pratama Sejahtera ("PT Agro"), had set up a company, namely PT TGF, under the Laws of the Republic of Indonesia. PT Agro holds 60% shares in the issued and paid up capital of PT TGF, which comprising 1,500 shares with total nominal value of Rp. 1,500,000,000. Accordingly, PT TGF becomes a 57% sub-subsidiary of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

### Changes in group structure (cont'd)

#### (e) Acquisition of the entire issued and paid-up share capital of Top Catheter Sdn. Bhd. (formerly known as Champion March Sdn. Bhd.) ("Top Catheter")

On 15 May 2019, Top Glove Sdn. Bhd., a wholly-owned subsidiary of the Company had acquired the entire issued and paid-up share capital of Top Catheter comprising 1 ordinary share for a cash consideration of RM1.00. Accordingly, Top Catheter has become a wholly-owned subsidiary of Top Glove Sdn. Bhd.. The acquisition is not expected to have material effects on the financial position of the Group.

#### (f) Deregistration of Beijing Adventa Health Supplies Co. Ltd. ("Beijing Adventa")

On 16 January 2019, the Company through its wholly-owned subsidiary, Adventa Health Sdn. Bhd. received approval from State Administration for Industry and Commerce of the People's Republic of China to deregister its wholly-owned subsidiary, Beijing Adventa. Upon deregistration, Beijing Adventa ceased to be subsidiary of the Company at the end of the financial year.

#### (g) Prior year acquisitions

##### (i) Acquisition of Eastern Press Sdn. Bhd. ("EP")

On 5 January 2018, the Company had acquired 5,000,000 ordinary shares representing 100% of the equity interest in EP for a cash consideration of RM46,250,000, resulting in the Company became the holding company of EP.

The acquired subsidiary had contributed the following results to the Group from the date of acquisition to 31 August 2018:

|                     | 2018<br>RM'000 |
|---------------------|----------------|
| Revenue             | 48,145         |
| Profit for the year | 1,262          |

The fair values of the identifiable assets and liabilities of EP as at the date of acquisition were:

|   | Fair value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|---|----------------------|------------------------------|
| Property, plant and equipment                                 | 32,912               | 33,993                       |
| Land use rights   | 17,100               | 9,887                        |
| Inventories   | 7,956                | 7,956                        |
| Trade and other receivables                                   | 20,201               | 20,201                       |
| Tax recoverable   | 81                   | 81                           |
| Cash and bank balances  | 79                   | 79                           |
|   | 78,329               | 72,197                       |
| Trade and other payables                                      | 18,553               | 18,553                       |
| Loans and borrowings  | 29,153               | 29,153                       |
| Provision for retirement benefits                             | 656                  | 656                          |
| Deferred tax liabilities                                      | 5,314                | 3,842                        |
|   | 53,676               | 52,204                       |
| Net identifiable assets                                       | 24,653               | 19,993                       |
| Group's interest in the fair value of net identifiable assets | 24,653               |                              |
| Total cost of acquisition                                     | 46,250               |                              |
| Goodwill on acquisition (Note 23)                             | 21,597               |                              |



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

### Changes in group structure (cont'd)

#### (g) Prior year acquisitions (cont'd)

##### (i) Acquisition of Eastern Press Sdn. Bhd. ("EP") (cont'd)

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised goodwill of RM21.6 million relating to the acquisition. The purchase price allocation for this acquisition is completed during the year with no changes to the provisional goodwill and no other intangible assets are recognised.

The effect of the acquisition on cash flows was as follows:

|  | 2018<br>RM'000 |
|--|----------------|
| Consideration settled in cash                    | 46,250         |
| Cash and cash equivalents of subsidiary acquired | (79)           |
| Net cash outflow on the acquisition              | 46,171         |

##### (ii) Acquisition of Aspion Sdn. Bhd. ("Aspion")

On 4 April 2018, Top Care Sdn. Bhd. ("TCSB"), a wholly-owned subsidiary of the Company had acquired 270,850,119 ordinary shares representing the entire equity interest in Aspion for a purchase consideration of RM1,370 million. Accordingly, Aspion has become a wholly-owned subsidiary of TCSB.

Part of the purchase consideration amounting to RM1,233 million is settled in cash while the balance of RM137 million is through issuance of 20,505,000 new ordinary shares in the Company at an issue price of about RM6.6813 each ("Consideration Shares"). The Consideration Shares is listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m. on 5 April 2018.

The acquired subsidiary had contributed the following results to the Group from the date of acquisition to 31 August 2018:

|                     | 2018<br>(Restated)<br>RM'000 |
|---------------------|------------------------------|
| Revenue             | 240,489                      |
| Profit for the year | 2,828                        |

The fair values of the identifiable assets and liabilities of Aspion as at the date of acquisition were:

|                                  | Fair value<br>(Restated)<br>RM'000 | Carrying<br>amount<br>(Restated)<br>RM'000 |
|----------------------------------|------------------------------------|--|
| Property, plant and equipment    | 280,760                            | 238,166                                    |
| Land use rights                  | 75,281                             | 49,358                                     |
| Intangible asset                 | 40,477                             | -  |
| Deferred tax assets              | 10,134                             | 10,134                                     |
| Inventories                      | 74,378                             | 74,378                                     |
| Trade and other receivables      | 118,443                            | 118,443                                    |
| Derivative financial instruments | 764                                | 764  |
| Cash and bank balances           | 11,709                             | 11,709                                     |
|                                  | 611,946                            | 502,952                                    |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

### Changes in group structure (cont'd)

#### (g) Prior year acquisitions (cont'd)

##### (ii) Acquisition of Aspion Sdn. Bhd. ("Aspion") (cont'd)

The fair values of the identifiable assets and liabilities of Aspion as at the date of acquisition were (cont'd):

|   | Fair value<br>(Restated)<br>RM'000 | Carrying<br>amount<br>(Restated)<br>RM'000 |
|---|------------------------------------|--|
| Trade and other payables                                      | 94,056                             | 94,056                                     |
| Loans and borrowings  | 279,274                            | 279,274                                    |
| Income tax payable  | 3,057                              | 3,057                                      |
| Deferred tax liabilities                                      | 33,726                             | 7,568                                      |
|   | 410,113                            | 383,955                                    |
| Net identifiable assets                                       | 201,833                            | 118,997                                    |
| Net identifiable assets                                       | 201,833                            |  |
| Less: Non-controlling interests                               | (6,193)                            |  |
| Group's interest in the fair value of net identifiable assets | 195,640                            |  |
| Total purchase consideration                                  | 1,370,000                          |  |
| Goodwill on acquisition (Note 23)                             | 1,174,360                          |  |

|  | 2018<br>RM'000 |
|--|----------------|
| The purchase consideration was satisfied by:   |                |
| a) Cash consideration                          | 1,233,000      |
| b) Issuance of 20,505,000 Consideration Shares | 137,000        |
|  | 1,370,000      |

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised goodwill of RM1,258 million relating to the acquisition. The purchase price allocation for this acquisition is completed during the year with corresponding reduction in goodwill of RM84 million, resulting in RM1,174 million of total goodwill arising on the acquisition. Intangible asset relating to customer relationship of RM40 million are recognised.

The effect of the acquisition on cash flows was as follows:

|  | 2018<br>(Restated)<br>RM'000 |
|--|------------------------------|
| Consideration settled in cash                    | 1,233,000                    |
| Cash and cash equivalents of subsidiary acquired | (11,709)                     |
| Net cash outflow on the acquisition              | 1,221,291                    |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

### Changes in group structure (cont'd)

#### (g) Prior year acquisitions (cont'd)

##### (iii) Acquisition of Duramedical Sdn. Bhd. ("Duramedical")

On 14 May 2018, Top Feel Sdn. Bhd. ("Top Feel"), a wholly-owned subsidiary of the Company had acquired 212,500 ordinary shares representing 85% of the equity interest in Duramedical for a cash consideration of RM3,778,000. Accordingly, Duramedical has become a subsidiary of Top Feel.

The acquired subsidiary had contributed the following results to the Group from the date of acquisition to 31 Aug 2018:

|                     | 2018<br>RM'000 |
|---------------------|----------------|
| Revenue             | 727            |
| Profit for the year | 61             |

The fair values of the identifiable assets and liabilities of Duramedical as at the date of acquisition were:

|   | Fair value<br>(Restated)<br>RM'000 | Carrying<br>amount<br>RM'000 |
|---|------------------------------------|------------------------------|
| Property, plant and equipment                                 | 2,217                              | 2,217                        |
| Land use rights   | 312                                | 312                          |
| Inventories   | 133                                | 133                          |
| Trade and other receivables                                   | 90                                 | 90                           |
| Tax recoverable   | 32                                 | 32                           |
| Cash and bank balances  | 618                                | 618                          |
|   | 3,402                              | 3,402                        |
| Trade and other payables                                      | 63                                 | 63                           |
| Loans and borrowings  | 1,611                              | 1,611                        |
| Deferred tax liabilities                                      | 30                                 | 30                           |
|   | 1,704                              | 1,704                        |
| Net identifiable assets                                       | 1,698                              | 1,698                        |
| Net identifiable assets                                       | 1,698                              |                              |
| Less: Non-controlling interests                               | (255)                              |                              |
| Group's interest in the fair value of net identifiable assets | 1,443                              |                              |
| Total purchase consideration                                  | 3,778                              |                              |
| Goodwill on acquisition (Note 23)                             | 2,335                              |                              |

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised goodwill of RM1.9 million relating to the acquisition. The purchase price allocation for this acquisition is completed during the year with corresponding increase in goodwill of RM0.4 million, resulting in RM2.3 million of total goodwill arising on the acquisition. No other intangible assets are recognised.

The effect of the acquisition on cash flows was as follows:

|  | 2018<br>RM'000 |
|--|----------------|
| Consideration settled in cash                    | 3,778          |
| Cash and cash equivalents of subsidiary acquired | (618)          |
| Net cash outflow on the acquisition              | 3,160          |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 19. Investment in subsidiaries (cont'd)

### Changes in group structure (cont'd)

#### (h) Non-controlling interests

Summarised financial information for non-controlling interests has not been disclosed as the carrying amount of the non-controlling interests in the consolidated statements of financial position is immaterial to the Group.

## 20. Investment in an associate

|                                    | Group<br>2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|------------------------------------|-------------------------|------------------------------|
| Unquoted shares at cost            | 12,204                  | 12,204                       |
| Share of post-acquisition reserves | (351)                   | 2,323                        |
|                                    | 11,853                  | 14,527                       |

Details of the associate are as follows:

| Name | Country of incorporation/<br>principal place<br>of business | Proportion of<br>ownership interest (%) |      | Principal activities |
|------|---|---|------|----------------------|
|      |   | 2019                                    | 2018 |                      |

#### Held through Top Glove Sdn. Bhd.:

|                      |          |    |    |                    |
|----------------------|----------|----|----|--------------------|
| Value Add Sdn. Bhd.# | Malaysia | 27 | 27 | Investment holding |
|----------------------|----------|----|----|--------------------|

# Audited by firms other than Ernst & Young

The financial year end of the above associate is non-coterminous with the Group. For the purpose of applying the equity method of accounting, the latest available financial information has been used and appropriate adjustments have been made for the effects of significant transactions between the dates of the latest available financial information and financial years ended 31 August 2019 and 2018.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

|                               | Group<br>2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|-------------------------------|-------------------------|------------------------------|
| <b>Assets and liabilities</b> |                         |                              |
| Non-current assets            | 260,011                 | 262,714                      |
| Current assets                | 4,067                   | 1,442                        |
| <b>Total assets</b>           | <b>264,078</b>          | <b>264,156</b>               |
| Non-current liabilities       | (197,869)               | (190,154)                    |
| Current liabilities           | (22,308)                | (20,200)                     |
| <b>Total liabilities</b>      | <b>(220,177)</b>        | <b>(210,354)</b>             |
| <b>Net assets</b>             | <b>43,901</b>           | <b>53,802</b>                |
| <b>Results</b>                |                         |                              |
| Revenue                       | 11,658                  | 15,029                       |
| (Loss)/profit for the year    | (9,901)                 | 22,845                       |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 20. Investment in an associate (cont'd)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate:

|   | Group<br>2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|---|-------------------------|------------------------------|
| Net assets of the associate as at 1 September 2018/2017 | 53,802                  | 30,957                       |
| (Loss)/profit for the year                              | (9,901)                 | 22,845                       |
| Net assets of associate as at 31 August 2019/2018       | 43,901                  | 53,802                       |
| Group's share of net assets                             | 11,853                  | 14,527                       |

## 21. Deferred tax (assets)/liabilities

Deferred income tax as at 31 August 2019 and 2018 relates to the following:

|   | <i>Deferred tax liabilities</i>               |                  | <i>Deferred tax assets</i>   |                 |
|---|---|------------------|--|-----------------|
|   | Property,<br>plant and<br>equipment<br>RM'000 | Others<br>RM'000 | Unabsorbed<br>export<br>allowance,<br>business<br>losses,<br>capital and<br>reinvestment<br>allowances<br>RM'000 | Total<br>RM'000 |
| <b>Group</b>                              |   |                  |  |                 |
| <b>At 1 September 2017</b>                | 67,291  | 21,657           | (35,372)   | 53,576          |
| Recognised in profit or loss              |   |                  |  |                 |
| As previously stated                      | 19,736  | (3,497)          | 3,391  | 19,630          |
| Prior year adjustment (Note 48)           | 3,395   | (8,476)          | -  | (5,081)         |
| As restated                               | 23,131  | (11,973)         | 3,391  | 14,549          |
| Acquisition of subsidiary companies       |   |                  |  |                 |
| As previously stated                      | -   | 7,203            | -  | 7,203           |
| Prior year adjustment (Note 48)           | 21,733  | -                | -  | 21,733          |
| As restated                               | 21,733  | 7,203            | -  | 28,936          |
| Exchange difference                       | -   | (27)             | -  | (27)            |
| As restated                               | 44,864  | (4,797)          | 3,391  | 43,458          |
| <b>At 31 August 2018/1 September 2018</b> | 112,155                                       | 16,860           | (31,981)   | 97,034          |
| Recognised in profit or loss              | 38,683  | (4,374)          | (30,127)   | 4,182           |
| Exchange difference                       | -   | 26               | -  | 26              |
| <b>At 31 August 2019</b>                  | 150,838                                       | 12,512           | (62,108)   | 101,242         |

The unabsorbed capital allowances and other deductible temporary differences of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

On the other hand, effective from year of assessment 2019 as announced in the annual budget 2019, the unutilised tax losses of the Group as at 31 August 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised losses will be disregarded.

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences applicable to foreign incorporated subsidiaries are pre-determined by and subject to the tax legislation of the respective countries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 21. Deferred tax (assets)/liabilities (cont'd)

Presented after appropriate offsetting as follows:

|                          | Group    |                      |
|--------------------------|----------|----------------------|
|                          | 2019     | 2018                 |
|                          | RM'000   | (Restated)<br>RM'000 |
| Deferred tax assets      | (58,472) | (19,271)             |
| Deferred tax liabilities | 159,714  | 116,305              |
|                          | 101,242  | 97,034               |

Deferred tax assets have not been recognised by the Group and the Company in respect of the following items:

|                               | Group  |        | Company |        |
|-------------------------------|--------|--------|---------|--------|
|                               | 2019   | 2018   | 2019    | 2018   |
|                               | RM'000 | RM'000 | RM'000  | RM'000 |
| Unutilised tax losses         | 11,960 | 3,877  | 1,560   | 1,675  |
| Unabsorbed capital allowances | 642    | 1,341  | -       | -      |
|                               | 12,602 | 5,218  | 1,560   | 1,675  |

Deferred tax assets have not been recognised by the Group and the Company in respect of these items as it is not probable that taxable profits of the Company and its subsidiaries would be available against which deductible temporary differences could be utilised.

## 22. Investment securities

|  | Group         |                | Company  |          |
|--|---------------|----------------|----------|----------|
|  | 2019          | 2018           | 2019     | 2018     |
|  | RM'000        | RM'000         | RM'000   | RM'000   |
| <b>Current</b>   |               |                |          |          |
| <i>Financial assets at fair value through other comprehensive income</i> |               |                |          |          |
| - Debt securities (quoted outside Malaysia)                              | 83,221        | 106,019        | -        | -        |
| <i>Financial assets at fair value through profit or loss</i>             |               |                |          |          |
| - Money market funds (quoted in Malaysia)                                | 4,064         | 87,695         | 1        | 2        |
|  | 87,285        | 193,714        | 1        | 2        |
| <b>Non-current</b>   |               |                |          |          |
| <i>Financial assets at fair value through profit or loss</i>             |               |                |          |          |
| -Unquoted investments - golf club membership                             | 392           | 392            | -        | -        |
| <b>Total investment securities</b>                                       | <b>87,677</b> | <b>194,106</b> | <b>1</b> | <b>2</b> |

Debt securities of the Group amounting to RM83,221,000 (2018: RM106,019,000) were pledged to banks for credit facilities granted to the Group as disclosed in Note 29.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 23. Intangible assets

| RM'000  | Goodwill<br>RM'000 | Customer<br>Relationship<br>RM'000 | Patent<br>RM'000 | Total     |
|---|--------------------|------------------------------------|------------------|-----------|
| <b>Group</b>  |                    |                                    |                  |           |
| <b>Cost</b>   |                    |                                    |                  |           |
| <b>At 1 September 2017</b>                                | 22,805             | -                                  | -                | 22,805    |
| Arising from acquisition of subsidiaries (Note 19)        | 1,198,292          | 40,477                             | -                | 1,238,769 |
| <b>At 31 August 2018/<br/>1 September 2018 (Restated)</b> | 1,221,097          | 40,477                             | -                | 1,261,574 |
| Addition  | -                  | -                                  | 16               | 16        |
| <b>At 31 August 2019</b>                                  | 1,221,097          | 40,477                             | 16               | 1,261,590 |
| <b>Accumulated amortisation</b>                           |                    |                                    |                  |           |
| <b>At 1 September 2017</b>                                | -                  | -                                  | -                | -         |
| Amortisation during the year (Note 11)                    | -                  | 1,533                              | -                | 1,533     |
| <b>At 31 August 2018/<br/>1 September 2018 (Restated)</b> | -                  | 1,533                              | -                | 1,533     |
| Amortisation during the year (Note 11)                    | -                  | 3,680                              | 1                | 3,681     |
| <b>At 31 August 2019</b>                                  | -                  | 5,213                              | 1                | 5,214     |
| <b>Net carrying amount</b>                                |                    |                                    |                  |           |
| At 31 August 2018 (Restated)                              | 1,221,097          | 38,944                             | -                | 1,260,041 |
| At 31 August 2019   | 1,221,097          | 35,264                             | 15               | 1,256,376 |

Goodwill has been allocated to Cash Generating Units ("CGUs") identified as follows:

|   | Group          |                              |
|---|----------------|------------------------------|
|   | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
| Top Glove Medical (Thailand) Co. Ltd.   | 2,946          | 2,946                        |
| B Tech Industry Co. Ltd.                | 14,789         | 14,789                       |
| GMP Medicare Sdn. Bhd.                  | 5,070          | 5,070                        |
| Eastern Press Sdn. Bhd. (Note 19(g)(i)) | 21,597         | 21,597                       |
| Aspion Sdn. Bhd. (Note 19(g)(ii))       | 1,174,360      | 1,174,360                    |
| Duramedical Sdn. Bhd. (Note 19(g)(iii)) | 2,335          | 2,335                        |
|   | 1,221,097      | 1,221,097                    |

## 23. Intangible assets (cont'd)

### Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five years period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and customer relationship:

- (i) Growth rate for the 5 years projection is determined based on the management's estimate on the industry trends and past performances of the segments, thereafter terminal growth rate is assumed to be from 0% to 2.5% (2018: 0%).
- (ii) A post-tax discount rate of 9.50% (2018: 7.41%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on a weighted average cost of capital of the Company.

The Group is of the opinion that any reasonably possible change in the above key assumptions would not materially cause the recoverable amount of the CGU's to be lower than its carrying amount, other than the goodwill of Aspion as disclosed below.

### Sensitivity to changes in key assumptions

The sensitivity test indicated that changes in the discount rate used in the value-in-use calculation of Aspion Sdn. Bhd. will result in the recoverable amount to equal to the corresponding carrying amounts of the goodwill and related assets, assuming no change in other variables, is as follows:

Increase in discount rate 0.5%

## 24. Inventories

|                             | Group   |                      |
|-----------------------------|---------|----------------------|
|                             | 2019    | 2018                 |
|                             | RM'000  | (Restated)<br>RM'000 |
| <b>Cost</b>                 |         |                      |
| Raw materials               | 158,104 | 126,610              |
| Consumables and hardware    | 42,557  | 31,766               |
| Work-in-progress            | 132,666 | 76,973               |
| Finished goods              | 283,130 | 254,931              |
|                             | 616,457 | 490,280              |
| <b>Net realisable value</b> |         |                      |
| Raw materials               | 3,360   | 2,905                |
| Work-in-progress            | 4,727   | 9,805                |
| Finished goods              | 5,352   | 2,872                |
|                             | 629,896 | 505,862              |

During the year, the amount of inventories recognised as an expense of the Group amounted to RM3,917 million (2018: RM3,378 million).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 25. Trade and other receivables

|  | Group   |                      | Company |        |
|--|---------|----------------------|---------|--------|
|  | 2019    | 2018                 | 2019    | 2018   |
|  | RM'000  | (Restated)<br>RM'000 | RM'000  | RM'000 |
| <b>Trade receivables</b>                 |         |                      |         |        |
| Third parties                            | 565,579 | 621,765              | -       | -      |
| Less: Allowance for expected credit loss | (2,809) | (3,707)              | -       | -      |
| Trade receivables, net                   | 562,770 | 618,058              | -       | -      |
| <b>Other receivables</b>                 |         |                      |         |        |
| Amounts due from subsidiaries            | -       | -                    | 4,705   | 1,992  |
| Sundry receivables                       | 15,436  | 10,289               | 19      | 8      |
| Refundable deposits                      | 14,011  | 8,962                | -       | -      |
|  | 29,447  | 19,251               | 4,724   | 2,000  |
| <b>Total trade and other receivables</b> | 592,217 | 637,309              | 4,724   | 2,000  |
| Total trade and other receivables        | 592,217 | 637,309              | 4,724   | 2,000  |
| Add: Cash and bank balances (Note 28)    | 165,782 | 165,197              | 74      | 151    |
| Financial assets at amortised cost       | 757,999 | 802,506              | 4,798   | 2,151  |

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 30 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

|  | Group   |                      |
|--|---------|----------------------|
|  | 2019    | 2018                 |
|  | RM'000  | (Restated)<br>RM'000 |
| Neither past due nor impaired            | 509,593 | 516,226              |
| 1 to 30 days past due not impaired       | 42,168  | 72,512               |
| 31 to 60 days past due not impaired      | 3,474   | 10,913               |
| 61 to 90 days past due not impaired      | 2,237   | 5,427                |
| 91 to 120 days past due not impaired     | 104     | 7,868                |
| More than 121 days past due not impaired | 5,194   | 5,112                |
| Impaired                                 | 53,177  | 101,832              |
|  | 2,809   | 3,707                |
|  | 565,579 | 621,765              |

#### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records and are mostly regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 25. Trade and other receivables (cont'd)

### (a) Trade receivables (cont'd)

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM53,177,000 (2018: RM101,832,000) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

|  | Group   |                      |
|--|---------|----------------------|
|  | 2019    | 2018                 |
|  | RM'000  | (Restated)<br>RM'000 |
| Trade receivables-nominal amounts        | 2,809   | 3,707                |
| Less: Allowance for expected credit loss | (2,809) | (3,707)              |
|  | -       | -                    |

#### Movements in the allowance accounts:

|  | Group   |                      |
|--|---------|----------------------|
|  | 2019    | 2018                 |
|  | RM'000  | (Restated)<br>RM'000 |
| At 1 September 2018/2017                                       | 3,707   | 975                  |
| Written off  | -       | (975)                |
| Acquisition of subsidiary company                              | -       | 3,707                |
| Allowance for expected credit loss during the year             | 453     | -                    |
| Reversal of allowance for expected credit loss during the year | (1,351) | -                    |
| At 31 August 2019/2018   | 2,809   | 3,707                |

Trade receivables that are individually determined to be impaired at the reporting date relate to a debtor that is in significant financial difficulty and has defaulted on payment. This receivable is not secured by any collateral or credit enhancements.

### (b) Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand except for an amount of RM2,085,209 (2018: nil) which bears interest at 4% per annum (2018: nil).

## 26. Other current assets

|   | Group  |                      | Company |        |
|---|--------|----------------------|---------|--------|
|   | 2019   | 2018                 | 2019    | 2018   |
|   | RM'000 | (Restated)<br>RM'000 | RM'000  | RM'000 |
| Prepaid operating expenses                              | 35,249 | 27,664               | 2,614   | 1,024  |
| Goods and service tax refundable                        | 18,435 | 52,613               | -       | 47     |
| Advances to suppliers for raw materials                 | 7,769  | 1,852                | -       | -      |
| Advances to suppliers for property, plant and equipment | 2,058  | 23,217               | -       | -      |
|   | 63,511 | 105,346              | 2,614   | 1,071  |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 27. Derivative financial instruments

|                            | Group                           |                           |                                 |                           |
|----------------------------|---------------------------------|---------------------------|---------------------------------|---------------------------|
|                            | 2019                            |                           | 2018<br>(Restated)              |                           |
|                            | RM'000                          |                           | RM'000                          |                           |
|                            | Contract/<br>Notional<br>Amount | Fair value<br>Liabilities | Contract/<br>Notional<br>Amount | Fair value<br>Liabilities |
| Forward currency contracts | 440,572                         | (1,653)                   | 366,927                         | (856)                     |

At 31 August 2019, the Group held forward currency contracts designated as hedges of expected future sales to customers and repayment of loan for which the Group has firm commitments. Forward currency contracts used to hedge the Group's sales are denominated in USD and EUR for which firm commitments existed at the reporting date, extending to January 2020 (2018 : January 2019).

During the financial year, the Group recognised a loss of RM811,000 (2018: loss of RM2,262,000) in the profit or loss arising from changes in the fair value of the forward currency contracts.

## 28. Cash and bank balances

|   | Group          |                              | Company        |                |
|---|----------------|------------------------------|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
| Cash on hand and at banks   | 145,412        | 160,340                      | 74             | 151            |
| Deposits with licensed banks and other financial institutions         | 20,370         | 4,857                        | -              | -              |
| Cash and bank balances  | 165,782        | 165,197                      | 74             | 151            |
| Less: Deposits pledged with banks with maturity of more than 3 months | (6,067)        | (4,962)                      | -              | -              |
| Bank overdrafts   | -              | (1,511)                      | -              | -              |
| Cash and cash equivalents   | 159,715        | 158,724                      | 74             | 151            |

Cash at banks and deposits with licensed banks and other financial institutions of the Group amounting to RM6,067,000 (2018: RM4,962,000) are pledged to banks for credit facilities granted to the Group as disclosed in Note 29.

The weighted average effective interest rates and maturity days of deposits with licensed banks and other financial institutions at the reporting date were as follows:

|   | Group             |                     |
|---|-------------------|---------------------|
|   | 2019              | 2018                |
| Weighted average effective interest rates (%) | 0.88              | 1.48                |
| Maturity days                                 | 7 days - 365 days | 257 days - 365 days |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 29. Loans and borrowings

|  | Maturity                | Group          |                |
|--|-------------------------|----------------|----------------|
|  |                         | 2019<br>RM'000 | 2018<br>RM'000 |
| <b>Current</b>                         |                         |                |                |
| <i>Secured:</i>                        |                         |                |                |
| RM Bank overdrafts                     | On demand               | -              | 1,511          |
| RM Bankers' acceptances                | 2018                    | -              | 42,714         |
| RM Trade loan financing                | 2018                    | -              | 33,465         |
| USD Trade loan financing               | 2018                    | -              | 14,446         |
| USD Revolving loan                     | 2019                    | -              | 21,441         |
| RM Term loan                           | 2019                    | -              | 2,637          |
| USD Term loan                          | 2019                    | -              | 90,746         |
| USD Revolving credit                   | 2019/2018               | 11,428         | 98,146         |
| Hire purchase payables (Note 38(c))    | 2020/2019               | 432            | 725            |
|  |                         | 11,860         | 305,831        |
| <i>Unsecured:</i>                      |                         |                |                |
| RM Bankers' acceptances                | 2019                    | 14,307         | -              |
| EUR Revolving credit                   | 2019                    | 160,047        | -              |
| JPY Revolving credit                   | 2019                    | 92,812         | -              |
| RM Trade loan financing                | 2019                    | 6,085          | -              |
| Thai Baht Promissory notes             | 2019/2018               | 71,075         | 51,357         |
| USD Revolving credit                   | 2019/2018               | 499,785        | 471,754        |
| RM Revolving credit                    | 2019/2018               | 49,800         | 54,000         |
| USD Syndicated term loan               | 2020                    | 130,882        | -              |
| RM Term loan                           | 2020/2019               | 5,840          | 3,125          |
| Less: Unamortised transaction costs    |                         | (1,168)        | (3,492)        |
|  |                         | 1,029,465      | 576,744        |
| Total current loans and borrowings     |                         | 1,041,325      | 882,575        |
| <b>Non-current</b>                     |                         |                |                |
| <i>Secured:</i>                        |                         |                |                |
| Hire purchase payables (Note 38(c))    | 2021 - 2022/2020 - 2024 | 205            | 1,038          |
| USD Revolving loan                     | 2020 - 2021             | -              | 35,674         |
| RM Term loan                           | 2020 - 2035             | -              | 13,735         |
|  |                         | 205            | 50,447         |
| <i>Unsecured:</i>                      |                         |                |                |
| USD Syndicated term loan               | 2023                    | 523,528        | 1,273,325      |
| Less: Unamortised transaction costs    |                         | (2,833)        | (5,288)        |
|  |                         | 520,695        | 1,268,037      |
| RM Term loan                           | 2023/2022               | 18,613         | 11,875         |
| USD Exchangeable bonds                 | 2024                    | 839,856        | -              |
|  |                         | 1,379,164      | 1,279,912      |
| Total non-current loans and borrowings |                         | 1,379,369      | 1,330,359      |
| Total loans and borrowings             |                         | 2,420,694      | 2,212,934      |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 29. Loans and borrowings (cont'd)

The range of interest rates at the reporting date for borrowings are as follows:

|                        | Group        |              |
|------------------------|--------------|--------------|
|                        | 2019<br>%    | 2018<br>%    |
| Bank overdrafts        | Nil          | 7.5%         |
| Bankers' acceptances   | 3.7% to 4.8% | 3.9% to 8.1% |
| Hire purchase payables | 4.0% to 5.3% | 2.5% to 5.3% |
| Promissory notes       | 1.9% to 2.2% | 1.9% to 7.1% |
| Trade loan financing   | 3.7% to 4.6% | 3.2% to 4.6% |
| Revolving credit       | 0.3% to 4.7% | 1.8% to 5.6% |
| Revolving loan         | Nil          | 1.9% to 2.8% |
| Syndicated term loan   | 3.5%         | 2.7% to 3.3% |
| Term loan              | 4.4% to 4.9% | 3.4% to 5.5% |
| Exchangeable bonds     | 4.2%         | Nil          |

The remaining maturities of the loans and borrowings as at 31 August 2019 and 2018 are as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>RM'000 |
| On demand or within one year            | 1,041,325      | 882,575        |
| More than 1 year and less than 2 years  | 135,899        | 789,952        |
| More than 2 years and less than 5 years | 1,240,702      | 534,487        |
| More than 5 years                       | 2,768          | 5,920          |
|   | 2,420,694      | 2,212,934      |

- (a) The RM bank overdrafts, RM bankers' acceptances, hire purchase payables, USD revolving credit, USD revolving loan, RM term loan, USD term loan, RM trade loan financing and USD trade loan financing of the Group and of the Company are secured by certain assets of the Group and of the Company as follows:
- fixed charge over certain property, plant and equipment and land use rights as disclosed in Note 16 and 17 respectively;
  - USD loan at 2.7% to 3.1% p.a. was secured by charges over debt securities of the Group as disclosed in Note 22; and
  - deposits with licensed banks and other financial institutions as disclosed in Note 28.
- (b) On 1 March 2019, one of the subsidiaries, Top Glove Labuan Ltd. issued USD200 million (approximately RM814.40 million) in aggregate principal amount of 2.0% Guaranteed Exchangeable Bonds which is due in 2024 (the "Bonds").

The weighted average effective interest rates at the reporting date for exchangeable bonds is 4.20% per annum.

Each bond entitles its registered holder to exchange for fully paid ordinary shares of Top Glove Labuan Ltd., at an initial exchange price of RM6.204 per share at a fixed exchange rate of USD1.00 = RM4.0703. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the Bonds as set out in the trust deed dated 1 March 2019.

The net proceeds from the issue of the Bonds were utilised to refinance the existing debt of the related companies and payment of fees and expenses relating to the Bonds issue.

The principal features of the Bonds which mature on 1 March 2024 ("maturity date") are as follows:-

- The Bonds bear interest at the rate of 2.0% calculated semi-annually and payable on 1 March and 1 September each year.
- The Bonds are unconditionally and irrevocably guaranteed by the ultimate holding company, Top Glove Corporation Bhd. and are subject to negative pledge.

## 29. Loans and borrowings (cont'd)

(b) The principal features of the Bonds which mature on 1 March 2024 ("maturity date") are as follows (cont'd):-

(iii) Redemption price at 109.53%. The redemption price was determined based on the issue price, coupon rate and yield of the Bonds.

(iv) Early redemption amount

An amount which, for each USD1,000 principal amount of such Bonds, together with accrued but unpaid interest from the immediately preceding interest payment date and after taking into account any interest paid in respect of the Bonds in the preceding periods, represents for the bondholder on the relevant date a gross yield of 3.75% per annum calculated on a semi-annual basis.

(v) Redemption at the option of issuer

At any time on or after 16 March 2022, but not less than seven business days prior to the Maturity Date, in whole but not in part, at the Early Redemption Amount together with accrued but unpaid interest if the closing price of Top Glove Corporation Bhd.'s shares on Bursa Malaysia Securities Berhad for each of 20 consecutive trading days in any 30 consecutive trading day period, the last of which occurs not more than 5 trading days prior to the date upon which notice of such redemption was given, is at least 130% of the applicable Early Redemption Amount divided by the Exchange Ratio, in effect on such trading day.

At any time, in whole but not in part, at the Early Redemption Amount together with accrued but unpaid interest in the event the principal amount of the Bonds outstanding is 10% or less of the aggregate principal amount originally issued.

(vi) Redemption at the option of bondholders

Upon the occurrence of the following events, the bondholders may be entitled to exercise a right prior to the maturity date to require the Issuer to redeem all or part of the Bonds in cash:

(a) On 1 March 2022, in whole or in part, at 105.50% of their principal amount together with accrued but unpaid interest.

(b) Following the occurrence of a change of control, the bondholders will have the right at such holder's option, to require the Issuer to redeem in whole but not in part such holders' Bonds at their early redemption amount, together with accrued but unpaid interest.

(c) In the event the Top Glove Corporation Bhd.'s shares cease to be listed or admitted to trading on Bursa Malaysia Securities Berhad and are not listed on an Alternative Stock Exchange or, if applicable, cease to be listed or admitted to trading on an Alternative Stock Exchange, or are suspended for a period equal to or exceeding 45 consecutive days on Bursa Malaysia Securities Berhad or an Alternative Stock Exchange, as the case may be, each bondholder shall have the right at such bondholders' option to require the Issuer to redeem all (but not less than all) of such bondholders' Bonds at their early redemption amount, together with accrued but unpaid interest.

(vii) All Bonds which are not redeemed, exchanged, or purchased and cancelled in the manner allowed pursuant to the terms and conditions of the Bonds shall be redeemed in cash by the Issuer on 1 March 2024 at the redemption price together with accrued but unpaid interest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 30. Trade and other payables

|   | Group          |                              | Company        |                |
|---|----------------|------------------------------|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
| <b>Trade payables</b>                                 | 280,858        | 276,893                      | -              | -              |
| <b>Other payables</b>                                 |                |                              |                |                |
| Accrued operating expenses                            | 79,156         | 84,690                       | 1,460          | 1,499          |
| Sundry payables                                       | 132,400        | 138,568                      | 82             | 10             |
|   | 211,556        | 223,258                      | 1,542          | 1,509          |
| <b>Total trade and other payables</b>                 | 492,414        | 500,151                      | 1,542          | 1,509          |
| Total trade and other payables                        | 492,414        | 500,151                      | 1,542          | 1,509          |
| Add: Loans and borrowings (Note 29)                   | 2,420,694      | 2,212,934                    | -              | -              |
| Total financial liabilities carried at amortised cost | 2,913,108      | 2,713,085                    | 1,542          | 1,509          |

### (a) Trade payables

These amounts are non-interest bearing. The normal trade credit term granted to the Group ranges from 30 to 90 days (2018: range from 30 to 90 days).

### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2018: range from 30 to 90 days).

## 31. Contract liabilities

These amounts represent advances received from customers for goods purchased.

Set out below is the amount of revenue recognised from:

|   | Group          |                |
|---|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>RM'000 |
| Amounts included in contract liabilities at the beginning of the year | 59,248         | 62,292         |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 32. Share capital

|  | Group and Company           |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | ← 2019                      | →                           | ← 2018                      | →                           |
|  | Number of<br>shares<br>'000 | Monetary<br>value<br>RM'000 | Number of<br>shares<br>'000 | Monetary<br>value<br>RM'000 |
| <b>Issued and fully paid</b>           |                             |                             |                             |                             |
| At 1 September 2018/2017               | 1,280,229                   | 787,709                     | 1,256,299                   | 636,644                     |
| Bonus Issue                            | 1,280,229                   | -                           | -                           | -                           |
| Exercise of ESOS                       | 131                         | 662                         | 3,425                       | 11,972                      |
| Issued for acquisition of a subsidiary | -                           | -                           | 20,505                      | 137,000                     |
| Transfer from share option reserve     | -                           | 41                          | -                           | 2,093                       |
| Transaction cost                       | -                           | (86)                        | -                           | -                           |
| At 31 August 2019/2018                 | 2,560,589                   | 788,326                     | 1,280,229                   | 787,709                     |

On 10 October 2018, the Company obtained shareholders' approval at its Extraordinary General Meeting for a bonus issue of 1,280,229,124 new ordinary shares on the basis of 1 bonus share for every 1 existing ordinary share. The bonus issue was completed on 29 October 2018.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

The new ordinary shares issued during the year ranked pari passu in all respects with the existing ordinary shares of the Company.

## 33. Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 8 January 2019, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

During the financial year:

- (i) the Company resold 2,781,700 of its treasury shares to the open market at the average price of RM5.03 per share. The total proceeds from the sale of treasury shares net off transaction costs was RM13,936,000. The excess of the proceeds and the cost of the treasury shares which amounted to RM7,719,000 was recognised in equity.
- (ii) the Company transferred 584,000 treasury shares to eligible employees under employee share grant plan at average market price of RM4.65 per share. The total transferred treasury shares were RM2,716,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM1,389,000 was recognised in equity.

In previous financial year, the Company transferred 93,700 treasury shares to eligible employees under employee share grant scheme at average market price of RM10.40 per share. The total transferred treasury shares net of transaction costs were RM975,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM561,000 was recognised in equity.

Of the total 2,560,589,000 issued and fully paid ordinary shares as at 31 August 2019, 775,600 are held as treasury shares by the Company. As at 31 August 2019, the number of outstanding ordinary shares in issue and fully paid is therefore 2,559,813,400 ordinary shares.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 34. Other reserves

|   | Foreign<br>exchange<br>reserve<br>RM'000 | Legal<br>reserve<br>RM'000 | Share<br>option<br>reserve<br>RM'000 | Cash flow<br>hedge<br>reserve<br>RM'000 | Fair value<br>adjustment<br>reserve<br>RM'000 | Others<br>reserve<br>RM'000 | Total<br>RM'000 |
|---|--|----------------------------|--------------------------------------|---|---|-----------------------------|-----------------|
| <b>Group</b>  |  |                            |                                      |   |   |                             |                 |
| <b>At 1 September 2017</b>                                    | 53,700                                   | 4,929                      | 2,568                                | -                                       | 1,302   | -                           | 62,499          |
| Other comprehensive income, as previously stated              | (17,575)                                 | -                          | -                                    | (41,504)                                | (2,465)                                       | -                           | (61,544)        |
| Prior year adjustment   | (786)                                    | -                          | -                                    | -                                       | -   | -                           | (786)           |
| Share options granted under ESOS                              | -  | -                          | 1,932                                | -                                       | -   | -                           | 1,932           |
| Transfer from share option reserve                            | -  | -                          | (2,093)                              | -                                       | -   | -                           | (2,093)         |
| Transfer to retained earnings                                 | -  | -                          | (478)                                | -                                       | -   | -                           | (478)           |
| Transfer to legal reserve                                     | -  | 4,235                      | -                                    | -                                       | -   | -                           | 4,235           |
| Transfer to other reserve                                     | -  | -                          | -                                    | -                                       | -   | 2,898                       | 2,898           |
| <b>At 31 August 2018/<br/>1 September 2018<br/>(Restated)</b> | 35,339                                   | 9,164                      | 1,929                                | (41,504)                                | (1,163)                                       | 2,898                       | 6,663           |
| Other comprehensive loss                                      | 16,306                                   | -                          | -                                    | (38,787)                                | 3,247   | -                           | (19,234)        |
| Share options granted under ESOS                              | -  | -                          | 7,197                                | -                                       | -   | -                           | 7,197           |
| Transfer from share option reserve                            | -  | -                          | (131)                                | -                                       | -   | -                           | (131)           |
| Transfer to retained earnings                                 | -  | -                          | -                                    | -                                       | -   | 1,595                       | 1,595           |
| Transfer to legal reserve                                     | -  | 924                        | -                                    | -                                       | -   | -                           | 924             |
| Equity component of exchangeable bonds                        | -  | -                          | -                                    | -                                       | -   | 1,433                       | 1,433           |
| <b>At 31 August 2019</b>                                      | 51,645                                   | 10,088                     | 8,995                                | (80,291)                                | 2,084   | 5,926                       | (1,553)         |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 34. Other reserves (cont'd)

|   | Share option<br>reserve<br>RM'000 |
|---|-----------------------------------|
| <b>Company</b>                            |                                   |
| <b>At 31 August 2017/1 September 2017</b> | 2,568                             |
| Share options granted under ESOS          | 1,932                             |
| Transfer from share option reserve        | (2,093)                           |
| Transfer to retained earnings             | (478)                             |
| <b>At 31 August 2018/1 September 2018</b> | 1,929                             |
| Share options granted under ESOS          | 7,197                             |
| Transfer from share option reserve        | (131)                             |
| <b>At 31 August 2019</b>                  | 8,995                             |

### (a) Foreign exchange reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

### (b) Legal reserve

This represents a general reserve provided for in respect of subsidiaries incorporated in the People's Republic of China and Thailand.

Under the Wholly Foreign Owned Enterprise ("WFOE") Law in the People's Republic of China, at least 10% of the net profit after taxation in each financial year must be credited to this reserve, until it reaches 50% of the registered paid up capital of the subsidiary.

Under the Civil and Commercial Code in Thailand, a company is required to set aside a statutory reserve equal to at least 5% of its net profit each time when the company pays out a dividend, until it reaches 10% of the registered share capital of the company.

### (c) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

### (d) Fair value adjustment reserve

Fair value adjustment reserve represents the differences arising from the conversion of bond reserves to fair value through OCI.

### (e) Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of the cash flow hedge relationships incurred at the reporting date.

## 35. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 August 2019 and 2018 under the single tier system.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 36. Share based payments

### (i) Employee share options scheme ("ESOS")

The Company's ESOS is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 9 January 2018 and became effective on 2 August 2018.

The main features of the ESOS are as follows:

- The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.
- Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid up share capital of the Company at any point of time during the tenure of the ESOS.
- The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with either a premium or a discount of not more than ten percent (10%).
- No option shall be granted for less than 100 shares to any eligible employee.
- An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the vest date but before the expiry on 31 May 2028.
- All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- No eligible person shall participate at any time in more than one share option scheme implemented by any company within the Group unless otherwise approved by the Options Committee.
- The options shall not carry any right to vote at a general meeting of the Company.

The terms of share options outstanding as at end of the financial year are as follows:

| Grant date  | Expiry date | Exercise price RM | Number of share options over the ordinary shares |              |                |             | Balance prior to adjustment for bonus issue* '000 |
|-------------|-------------|-------------------|--|--------------|----------------|-------------|---|
|             |             |                   | As at 1.9.2018 '000                              | Granted '000 | Exercised '000 | Lapsed '000 |   |
| <b>2019</b> |             |                   |  |              |                |             |   |
| 2.8.2018    | 31.5.2028   | 10.12             | 3,161.9  | -            | -              | -           | 3,161.9   |

| Grant date  | Expiry date | Exercise price RM | Balance after adjustment for bonus issue* '000 |              |                |             | As at 31.8.2019 '000 |
|-------------|-------------|-------------------|--|--------------|----------------|-------------|----------------------|
|             |             |                   |  | Granted '000 | Exercised '000 | Lapsed '000 |                      |
| <b>2019</b> |             |                   |  |              |                |             |                      |
| 2.8.2018    | 31.5.2028   | 5.06              | 6,323.8  | -            | (125.1)        | (212.4)     | 5,986.3              |
| 1.2.2019    | 31.5.2028   | 4.90              | -  | 14,329.3     | (6.0)          | (76.7)      | 14,246.6             |
| 18.2.2019   | 31.5.2028   | 4.90              | -  | 261.8        | -              | -           | 261.8                |
| 30.7.2019   | 31.5.2028   | 4.63              | -  | 10,978.9     | -              | -           | 10,978.9             |
|             |             |                   | 6,323.8  | 25,570.0     | (131.1)        | (289.1)     | 31,473.6             |

\* Bonus issue for one for one existing ordinary share

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 36. Share based payments (cont'd)

### (i) Employee share options scheme ("ESOS") (cont'd)

The terms of share options outstanding as at end of the financial year are as follows (cont'd):

| Grant Date  | Expiry Date | Exercise Price RM | Number of share options over the ordinary shares |              |                |             | As at 31.8.2018 '000 |
|-------------|-------------|-------------------|--|--------------|----------------|-------------|----------------------|
|             |             |                   | As at 1.9.2017 '000                              | Granted '000 | Exercised '000 | Lapsed '000 |                      |
| <b>2018</b> |             |                   |  |              |                |             |                      |
| 5.9.2008    | 1.8.2018    | 1.01              | 2.4  | -            | -              | (2.4)       | -                    |
| 5.3.2009    | 1.8.2018    | 1.13              | 2.4  | -            | -              | (2.4)       | -                    |
| 5.9.2009    | 1.8.2018    | 1.76              | 55.6   | -            | (49.6)         | (6.0)       | -                    |
| 5.2.2010    | 1.8.2018    | 2.82              | 12.0   | -            | (12.0)         | -           | -                    |
| 5.3.2010    | 1.8.2018    | 2.90              | 1,528.0  | -            | (1,506.8)      | (21.2)      | -                    |
| 5.4.2010    | 1.8.2018    | 3.49              | 23.2   | -            | (23.2)         | -           | -                    |
| 6.5.2010    | 1.8.2018    | 3.08              | 129.2  | -            | (129.2)        | -           | -                    |
| 5.6.2010    | 1.8.2018    | 3.06              | 39.0   | -            | (39.0)         | -           | -                    |
| 5.7.2010    | 1.8.2018    | 3.43              | 31.6   | -            | (31.6)         | -           | -                    |
| 6.8.2010    | 1.8.2018    | 3.26              | 12.8   | -            | (12.8)         | -           | -                    |
| 5.10.2011   | 1.8.2018    | 2.08              | 31.0   | -            | (21.4)         | (9.6)       | -                    |
| 3.4.2013    | 1.8.2018    | 2.76              | 282.2  | -            | (262.6)        | (19.6)      | -                    |
| 2.8.2014    | 1.8.2018    | 2.32              | 407.5  | -            | (394.1)        | (13.4)      | -                    |
| 1.6.2017    | 1.8.2018    | 5.33              | 938.4  | -            | (938.4)        | -           | -                    |
| 2.8.2018    | 31.5.2028   | 10.12             | -  | 3,166.6      | (4.7)          | -           | 3,161.9              |
|             |             |                   | 3,495.3  | 3,166.6      | (3,425.4)      | (74.6)      | 3,161.9              |

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

| Exercise Date                    | Exercise price RM | Fair value of ordinary shares RM | Number of share options '000 | Considerations received RM'000 |
|----------------------------------|-------------------|----------------------------------|------------------------------|--------------------------------|
| <b>2019</b>                      |                   |                                  |                              |                                |
| <b>After bonus issue</b>         |                   |                                  |                              |                                |
| September 2018 - August 2019     | 5.06              | 4.30 - 6.20                      | 125.1                        | 633.0                          |
| September 2018 - August 2019     | 4.90              | 4.30 - 6.20                      | 6.0                          | 29.4                           |
|                                  |                   |                                  | 131.1                        | 662.4                          |
| <b>2018</b>                      |                   |                                  |                              |                                |
| <b>After no-par value regime</b> |                   |                                  |                              |                                |
| September 2017 - August 2018     | 1.76              | 5.50 - 11.56                     | 49.6                         | 87.3                           |
| September 2017 - August 2018     | 2.82              | 5.50 - 11.56                     | 12.0                         | 33.8                           |
| September 2017 - August 2018     | 2.90              | 5.50 - 11.56                     | 1,506.8                      | 4,369.6                        |
| September 2017 - August 2018     | 3.49              | 5.50 - 11.56                     | 23.2                         | 81.0                           |
| September 2017 - August 2018     | 3.08              | 5.50 - 11.56                     | 129.2                        | 397.9                          |
| September 2017 - August 2018     | 3.06              | 5.50 - 11.56                     | 39.0                         | 119.3                          |
| September 2017 - August 2018     | 3.43              | 5.50 - 11.56                     | 31.6                         | 108.4                          |
| September 2017 - August 2018     | 3.26              | 5.50 - 11.56                     | 12.8                         | 41.7                           |
| September 2017 - August 2018     | 2.08              | 5.50 - 11.56                     | 21.4                         | 44.5                           |
| September 2017 - August 2018     | 2.76              | 5.50 - 11.56                     | 262.6                        | 724.8                          |
| September 2017 - August 2018     | 2.32              | 5.50 - 11.56                     | 394.1                        | 914.3                          |
| September 2017 - August 2018     | 5.33              | 5.50 - 11.56                     | 938.4                        | 5,001.7                        |
| September 2017 - August 2018     | 10.12             | 5.50 - 11.56                     | 4.7                          | 47.6                           |
|                                  |                   |                                  | 3,425.4                      | 11,971.9                       |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 36. Share based payments (cont'd)

### (i) Employee share options scheme ("ESOS") (cont'd)

#### Fair value of share options

The fair value of share options granted during the year were estimated by using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are used as follows:

|  |               |
|--|---------------|
| Fair value of share options at the following grant dates (RM): |               |
| 1 February 2019  | 0.31, 0.32    |
| 18 February 2019   | 0.31          |
| 30 July 2019   | 0.24          |
| Weighted average share price (RM)                              | 4.63 - 4.99   |
| Weighted average exercise price (RM)                           | 4.63 - 4.90   |
| Expected volatility (%)  | 29.67 - 34.92 |
| Expected life (years)  | 8.84 - 9.33   |
| Risk free interest rate (%)                                    | 3.58 - 4.07   |
| Expected dividend yield (%)                                    | 1.62 - 1.76   |

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

### (ii) Employee share grant plan ("ESGP")

The Company's ESGP is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 6 January 2016 and became effective on 12 January 2016 and is administered by the ESGP Committee.

Under the ESGP, Eligible Employees may be granted ESGP Awards comprising shares of the Company. The ESGP Awards, once accepted, will vest without any consideration payable, subject to vesting date(s) and/or vesting conditions as may be determined at the discretion of the ESGP Committee. The ESGP Committee may, at its discretion, decide that any vesting of the Company's shares comprised in an ESGP Awards shall be satisfied through:

- (a) the issuance of new shares of the Company
- (b) the transfer of existing shares of the Company
- (c) settlement in cash; or
- (d) a combination of any of the above

The main features of the ESGP are as follows:

- (a) The aggregate number of shares of the Company which may be awarded under the ESGP and any other schemes involving issuance of new shares of the Company to employees which are still subsisting shall not exceed 10% of the issued and paid-up share capital of the Company ("Plan Size").
- (b) Eligible persons are any employee or executive director of the Group (excluding dormant subsidiaries) who fulfills the eligibility criteria. The eligibility for participation in the ESGP shall be at the discretion of the ESGP Committee appointed by the Board of Directors.
- (c) The number of shares comprised in each ESGP Award shall be determined at the discretion of the ESGP Committee after taking into consideration, inter alia, the performance and seniority, years of service and potential for future development of the Eligible Employee and the employee's contribution to the Group as well as such other criteria as the ESGP Committee may deem relevant.
- (d) The aggregate number of shares that may be allocated to any one participant shall not exceed 10% of the total number of shares to be awarded under the ESGP and any other schemes involving issuance of new shares of the Company which may be implemented from time to time by the Company.
- (e) The aggregate maximum allocation to the directors and senior management of the Group (excluding dormant subsidiaries) shall not be more than 75% of the Company's shares awarded under the ESGP.

## 36. Share based payments (cont'd)

### (ii) Employee share grant plan ("ESGP") (cont'd)

The main features of the ESGP are as follows (cont'd):

- (f) The ESGP shall be in force for a period of ten years from the effective date of implementation which is the date the last of the requisite approvals and/or conditions have been obtained and/or complied with.
- (g) The shares to be allotted and issued under the ESGP will, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is prior to the date of allotment and issuance of the new shares.

## 37. Related party transactions

### (a) Sales and purchase of goods

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms mutually agreed between the parties during the financial year:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>RM'000 | 2018<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
| Gross dividends from subsidiaries                                      | -              | -              | 215,590        | 239,030        |
| Management fees from subsidiaries                                      | -              | -              | 5,374          | 4,912          |
| Purchase of raw materials from related to certain directors of Company | -              | 71             | -              | -              |

### (b) Compensation of the key management personnel

The remuneration of executive directors and other key management personnel during the financial year were as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
| Salaries and other emoluments             | 9,387          | 10,276         | 3,289          | 3,208          |
| Pension costs - defined contribution plan | 824            | 896            | 332            | 302            |
| Social security contributions             | 13             | 14             | 1              | 1              |
| Share options granted under ESOS          | 1,056          | 317            | 589            | 161            |
| Shares granted under ESGP                 | 145            | 37             | 98             | -              |
| Fees                                      | 413            | 501            | 366            | 449            |
| Benefits-in-kind                          | 199            | 230            | 60             | 50             |
|   | 12,037         | 12,271         | 4,735          | 4,171          |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 38. Commitments

### (a) Capital commitments

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2019<br>RM'000 | 2018<br>RM'000 |
| <b>Property, plant and equipment:</b> |                |                |
| Approved and contracted for           | 324,782        | 186,901        |

### (b) Operating lease arrangements

#### (i) Group as lessee

In addition to the land use rights disclosed in Note 17, the Group had entered into commercial leases on certain office equipment. These leases have an average tenure of between one and five years.

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

|   | Group          |                              |
|---|----------------|------------------------------|
|   | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
| Future minimum rentals payments:              |                |                              |
| Not later than 1 year                         | 4,828          | 2,031                        |
| Later than 1 year and not later than 2 years  | 2,365          | 1,069                        |
| Later than 2 years and not later than 5 years | 1,464          | 1,454                        |
|   | 8,657          | 4,554                        |

#### (ii) Group as lessor

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>RM'000 |
| Future minimum rentals payments:              |                |                |
| Not later than 1 year                         | 2,170          | 6,079          |
| Later than 1 year and not later than 2 years  | 1,423          | 4,548          |
| Later than 2 years and not later than 5 years | 477            | 5,519          |
|   | 4,070          | 16,146         |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 38. Commitments (cont'd)

### (c) Hire purchase payables

|   | Group          |                |
|---|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>RM'000 |
| <b>Minimum lease payments:</b>                |                |                |
| Not later than 1 year                         | 443            | 774            |
| Later than 1 year but not later than 2 years  | 176            | 688            |
| Later than 2 years but not later than 5 years | 33             | 373            |
| Later than 5 years                            | -              | 15             |
| Total minimum lease payments                  | 652            | 1,850          |
| Less: Amounts representing finance charges    | (15)           | (87)           |
| Present value of minimum lease payments       | 637            | 1,763          |

|   | Group          |                |
|---|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>RM'000 |
| <b>Present value of payments:</b>             |                |                |
| Not later than 1 year                         | 432            | 725            |
| Later than 1 year but not later than 2 years  | 172            | 663            |
| Later than 2 years but not later than 5 years | 33             | 360            |
| Later than 5 years                            | -              | 15             |
| Present value of minimum lease payments       | 637            | 1,763          |
| Less: Amount due within 12 months (Note 29)   | (432)          | (725)          |
| Amount due after 12 months (Note 29)          | 205            | 1,038          |

## 39. Fair values

### (i) Determination of fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

|                                    | Note |
|------------------------------------|------|
| Trade and other receivables        | 25   |
| Loans and borrowings (current)     | 29   |
| Loans and borrowings (non-current) | 29   |
| Trade and other payables           | 30   |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### Investment securities (current)

Fair value is determined directly by reference to their published market bid price at the reporting date.

#### Investment securities (non-current)

Fair value is determined based on directors' estimates using comparable market price of similar golf club memberships.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 39. Fair values (cont'd)

### (i) Determination of fair value of financial instruments (cont'd)

#### Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

#### Investment property

The fair value of the investment property was based on a valuation by an accredited independent qualified value as disclosed in Note 18.

### (ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date:

|   | Quoted<br>prices in<br>active<br>market<br>(Level 1)<br>RM'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>RM'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>RM'000 | Total<br>RM'000 |
|---|--|--|--|-----------------|
| <b>Group</b>  |  |  |  |                 |
| <b>As at 31 August 2019</b>                                       |  |  |  |                 |
| <b>Current</b>  |  |  |  |                 |
| <b>Assets/(liabilities) measured at fair value</b>                |  |  |  |                 |
| Financial assets at fair value through other comprehensive income | 83,221   | -  | -  | 83,221          |
| Financial assets at fair value through profit or loss             | 4,064  | -  | -  | 4,064           |
| Derivative financial instruments                                  | -  | (1,653)  | -  | (1,653)         |
| <b>Non-current</b>  |  |  |  |                 |
| <b>Assets measured at fair value</b>                              |  |  |  |                 |
| Financial assets at fair value through profit or loss             | -  | -  | 392  | 392             |
| Investment property (Note 18)                                     | -  | -  | 163,900  | 163,900         |
| <b>Group</b>  |  |  |  |                 |
| <b>As at 31 August 2018</b>                                       |  |  |  |                 |
| <b>Current</b>  |  |  |  |                 |
| <b>Assets/(liabilities) measured at fair value</b>                |  |  |  |                 |
| Financial assets at fair value through other comprehensive income | 106,019  | -  | -  | 106,019         |
| Financial assets at fair value through profit or loss             | 87,695   | -  | -  | 87,695          |
| Derivative financial instruments                                  | -  | (856)  | -  | (856)           |
| <b>Non-current</b>  |  |  |  |                 |
| <b>Assets measured at fair value</b>                              |  |  |  |                 |
| Financial assets at fair value through profit or loss             | -  | -  | 392  | 392             |
| Investment property (Note 18)                                     | -  | -  | 163,900  | 163,900         |

## 39. Fair values (cont'd)

### (ii) Fair value hierarchy (cont'd)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date (cont'd):

|   | Quoted prices in active market (Level 1)<br>RM'000 | Significant observable inputs (Level 2)<br>RM'000 | Significant unobservable inputs (Level 3)<br>RM'000 | Total<br>RM'000 |
|---|--|---|---|-----------------|
| <b>Company</b>  |  |   |   |                 |
| <b>As at 31 August 2019</b>                           |  |   |   |                 |
| <b>Current</b>  |  |   |   |                 |
| <b>Assets measured at fair value</b>                  |  |   |   |                 |
| Financial assets at fair value through profit or loss | 1  | -   | -   | 1               |
| <b>Company</b>  |  |   |   |                 |
| <b>As at 31 August 2018</b>                           |  |   |   |                 |
| <b>Current</b>  |  |   |   |                 |
| <b>Assets measured at fair value</b>                  |  |   |   |                 |
| Financial assets at fair value through profit or loss | 2  | -   | -   | 2               |

During the reporting period ended 31 August 2019 and 2018, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

## 40. Financial risk management objectives and policies

The Group and the Company are exposed to a variety of financial risks, including market risk, credit risk, interest rate risk, liquidity risk and foreign currency risk.

The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise interest rate risk, foreign exchange currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, cash and short term deposits, debt securities, money market funds investments and derivative financial instruments.

### (b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including debt securities, money market funds investments, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 40. Financial risk management objectives and policies (cont'd)

### (b) Credit risk (cont'd)

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 25(a). Deposits with banks and other financial institutions, debt securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25(a). An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 25(a).

### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

|  | 2019   |                                |                              | Total<br>RM'000  |
|--|--|--------------------------------|------------------------------|------------------|
|  | On demand<br>or within<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | Over<br>five years<br>RM'000 |                  |
| <b>Group</b>   |  |                                |                              |                  |
| <b>Financial liabilities</b>                           |  |                                |                              |                  |
| Trade and other payables,<br>excluding bank guarantees | 492,414                                      | -                              | -                            | 492,414          |
| Derivatives  | 1,653  | -                              | -                            | 1,653            |
| Loans and borrowings                                   | 1,064,607                                    | 1,091,072                      | 407,255                      | 2,562,934        |
| <b>Total undiscounted financial<br/>liabilities</b>    | <b>1,558,674</b>                             | <b>1,091,072</b>               | <b>407,255</b>               | <b>3,057,001</b> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 40. Financial risk management objectives and policies (cont'd)

### (c) Liquidity risk (cont'd)

|  | 2019   |                                |                              | Total<br>RM'000 |
|--|--|--------------------------------|------------------------------|-----------------|
|  | On demand<br>or within<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | Over<br>five years<br>RM'000 |                 |

#### Company

##### Financial liabilities

|   |              |          |          |              |
|---|--------------|----------|----------|--------------|
| Trade and other payables<br>excluding bank guarantees | 1,542        | -        | -        | 1,542        |
| <b>Total undiscounted financial liabilities</b>       | <b>1,542</b> | <b>-</b> | <b>-</b> | <b>1,542</b> |

|  | 2018<br>(Restated)                           |                                |                              | Total<br>RM'000 |
|--|--|--------------------------------|------------------------------|-----------------|
|  | On demand<br>or within<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | Over<br>five years<br>RM'000 |                 |

#### Group

##### Financial liabilities

|  |                  |                  |              |                  |
|--|------------------|------------------|--------------|------------------|
| Trade and other payables,<br>excluding bank guarantees | 500,151          | -                | -            | 500,151          |
| Derivatives  | 856              | -                | -            | 856              |
| Loans and borrowings                                   | 933,364          | 1,380,443        | 6,856        | 2,320,663        |
| <b>Total undiscounted financial liabilities</b>        | <b>1,434,371</b> | <b>1,380,443</b> | <b>6,856</b> | <b>2,821,670</b> |

#### Company

##### Financial liabilities

|   |              |          |          |              |
|---|--------------|----------|----------|--------------|
| Trade and other payables<br>excluding bank guarantees | 1,509        | -        | -        | 1,509        |
| <b>Total undiscounted financial liabilities</b>       | <b>1,509</b> | <b>-</b> | <b>-</b> | <b>1,509</b> |

### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

## 40. Financial risk management objectives and policies (cont'd)

### (d) Interest rate risk (cont'd)

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM1,569,000 (2018: RM2,198,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### (e) Market price risk

The Group's quoted investment securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the market price risk through diversification and by placing limits on individual and total investment in investment securities. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all investment decisions.

The Group has an Investment Committee with the objectives of reviewing, advising and ensuring that the Group's investment in debt securities is consistent with the delegated authority limit approved by the Board; and cash invested is within the risk appetite of the Group. The Investment Committee established certain criteria for current and future investment in debt securities. Any investment differing from the criteria established will require the Investment Committee's approval. The Investment Committee also aims to establish an effective investment management framework for the Group.

At the reporting date, the exposure to quoted investment securities at fair value was disclosed in Note 22.

#### Sensitivity analysis for market price risk

The following table demonstrates the sensitivity of the Group's debt investments to reasonably possible price movements in investments classified as available-for-sale at the reporting date:

|                  |                              | 2019<br>RM'000 | 2018<br>RM'000 |
|------------------|------------------------------|----------------|----------------|
| <b>Group</b>     |                              |                |                |
| Debt investments | - strengthened 5% (2018: 5%) | 4,161          | 5,301          |
|                  | - weakened 5% (2018: 5%)     | (4,161)        | (5,301)        |

### (f) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures mainly arising from revenue that are denominated in a currency other than the respective functional currencies of the Group entities. These functional currencies are Malaysian Ringgit ("RM"), Thailand Baht ("Baht"), Chinese Renminbi ("RMB") and Australian Dollar ("AUD"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"), Euro and Japanese Yen ("JPY"). In addition, the Group has significant borrowings in USD and EURO (Note 29). Therefore, the Group is exposed to foreign currency risk. These exposures are managed, to the extent possible, by natural hedge that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 40. Financial risk management objectives and policies (cont'd)

### (f) Foreign currency risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

| Functional currency<br>of Group companies | Net financial (liabilities)/assets held in<br>non-functional currency |                |               | Total<br>RM'000 |
|---|---|----------------|---------------|-----------------|
|   | USD<br>RM'000   | Euro<br>RM'000 | JPY<br>RM'000 |                 |
| <b>At 31 August 2019:</b>                 |   |                |               |                 |
| Ringgit Malaysia                          | (221,247)   | (154,430)      | (92,809)      | (468,486)       |
| Thailand Baht                             | 20,892  | (482)          | -             | 20,410          |
| Chinese Renminbi                          | 7,908   | -              | -             | 7,908           |
| Australian Dollars                        | 24,853  | 788            | -             | 25,641          |
|   | (167,594)   | (154,124)      | (92,809)      | (414,527)       |
| <b>At 31 August 2018 (Restated):</b>      |   |                |               |                 |
| Ringgit Malaysia                          | (450,000)   | (2,446)        | -             | (452,446)       |
| Thailand Baht                             | 35,893  | (261)          | -             | 35,632          |
| Chinese Renminbi                          | 20,795  | -              | -             | 20,795          |
| Australian Dollars                        | 23,827  | 815            | -             | 24,642          |
|   | (369,485)   | (1,892)        | -             | (371,377)       |

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, EURO and JPY exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

|                              | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|------------------------------|----------------|------------------------------|
| USD/RM                       |                |                              |
| - strengthened 5% (2018: 5%) | (11,062)       | (22,500)                     |
| - weakened 5% (2018: 5%)     | 11,062         | 22,500                       |
| USD/Baht                     |                |                              |
| - strengthened 5% (2018: 5%) | 1,045          | 1,795                        |
| - weakened 5% (2018: 5%)     | (1,045)        | (1,795)                      |
| USD/RMB                      |                |                              |
| - strengthened 5% (2018: 5%) | 395            | 1,040                        |
| - weakened 5% (2018: 5%)     | (395)          | (1,040)                      |
| USD/AUD                      |                |                              |
| - strengthened 5% (2018: 5%) | 1,243          | 1,191                        |
| - weakened 5% (2018: 5%)     | (1,243)        | (1,191)                      |
| EURO/RM                      |                |                              |
| - strengthened 5% (2018: 5%) | (7,722)        | (122)                        |
| - weakened 5% (2018: 5%)     | 7,722          | 122                          |
| EURO/Baht                    |                |                              |
| - strengthened 5% (2018: 5%) | (24)           | (13)                         |
| - weakened 5% (2018: 5%)     | 24             | 13                           |
| EURO/AUD                     |                |                              |
| - strengthened 5% (2018: 5%) | 39             | 41                           |
| - weakened 5% (2018: 5%)     | (39)           | (41)                         |
| JPY/RM                       |                |                              |
| - strengthened 5% (2018: 5%) | (4,640)        | -                            |
| - weakened 5% (2018: 5%)     | 4,640          | -                            |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 41. Financial instruments

### Classification of financial instruments

The principal accounting policies in Note 4.18 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

|                                    | Fair value<br>through<br>OCI<br>RM'000 | Fair value<br>through<br>profit or<br>loss<br>RM'000 | Amortised<br>cost<br>RM'000 | Total<br>RM'000  |
|------------------------------------|--|--|-----------------------------|------------------|
| <b>Group</b>                       |  |  |                             |                  |
| <b>As at 31 August 2019</b>        |  |  |                             |                  |
| <b>Financial assets</b>            |  |  |                             |                  |
| Investment securities              | 83,221                                 | 4,456  | -                           | 87,677           |
| Trade and other receivables        | -                                      | -  | 592,217                     | 592,217          |
| Cash and bank balances             | -                                      | -  | 165,782                     | 165,782          |
| <b>Total financial assets</b>      | <b>83,221</b>                          | <b>4,456</b>   | <b>757,999</b>              | <b>845,676</b>   |
| <b>Financial liabilities</b>       |  |  |                             |                  |
| Loans and borrowings               | -                                      | -  | 2,420,694                   | 2,420,694        |
| Trade and other payables           | -                                      | -  | 492,414                     | 492,414          |
| Derivative financial instruments   | -                                      | 1,653  | -                           | 1,653            |
| <b>Total financial liabilities</b> | <b>-</b>                               | <b>1,653</b>   | <b>2,913,108</b>            | <b>2,914,761</b> |
| <b>Group</b>                       |  |  |                             |                  |
| <b>As at 31 August 2018</b>        |  |  |                             |                  |
| <b>Financial assets</b>            |  |  |                             |                  |
| Investment securities              | 106,019                                | 88,087   | -                           | 194,106          |
| Trade and other receivables        | -                                      | -  | 637,309                     | 637,309          |
| Cash and bank balances             | -                                      | -  | 165,197                     | 165,197          |
| <b>Total financial assets</b>      | <b>106,019</b>                         | <b>88,087</b>  | <b>802,506</b>              | <b>996,612</b>   |
| <b>Financial liabilities</b>       |  |  |                             |                  |
| Loans and borrowings               | -                                      | -  | 2,212,934                   | 2,212,934        |
| Trade and other payables           | -                                      | -  | 500,151                     | 500,151          |
| Derivative financial instruments   | -                                      | 856  | -                           | 856              |
| <b>Total financial liabilities</b> | <b>-</b>                               | <b>856</b>   | <b>2,713,085</b>            | <b>2,713,941</b> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 41. Financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis (cont'd):

|                                    | Fair value<br>through<br>OCI<br>RM'000 | Fair value<br>through<br>profit or<br>loss<br>RM'000 | Amortised<br>cost<br>RM'000 | Total<br>RM'000 |
|------------------------------------|--|--|-----------------------------|-----------------|
| <b>Company</b>                     |  |  |                             |                 |
| <b>As at 31 August 2019</b>        |  |  |                             |                 |
| <b>Financial assets</b>            |  |  |                             |                 |
| Investment securities              | -                                      | 1  | -                           | 1               |
| Trade and other receivables        | -                                      | -  | 4,724                       | 4,724           |
| Cash and bank balances             | -                                      | -  | 74                          | 74              |
| <b>Total financial assets</b>      | <b>-</b>                               | <b>1</b>   | <b>4,798</b>                | <b>4,799</b>    |
| <b>Financial liabilities</b>       |  |  |                             |                 |
| Other payables                     | -                                      | -  | 1,542                       | 1,542           |
| <b>Total financial liabilities</b> | <b>-</b>                               | <b>-</b>   | <b>1,542</b>                | <b>1,542</b>    |
| <b>Company</b>                     |  |  |                             |                 |
| <b>As at 31 August 2018</b>        |  |  |                             |                 |
| <b>Financial assets</b>            |  |  |                             |                 |
| Investment securities              | -                                      | 2  | -                           | 2               |
| Trade and other receivables        | -                                      | -  | 2,000                       | 2,000           |
| Cash and bank balances             | -                                      | -  | 151                         | 151             |
| <b>Total financial assets</b>      | <b>-</b>                               | <b>2</b>   | <b>2,151</b>                | <b>2,153</b>    |
| <b>Financial liabilities</b>       |  |  |                             |                 |
| Trade and other payables           | -                                      | -  | 1,509                       | 1,509           |
| <b>Total financial liabilities</b> | <b>-</b>                               | <b>-</b>   | <b>1,509</b>                | <b>1,509</b>    |



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 42. Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that they maintains a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments, in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 August 2019 and 2018.

As disclosed in Note 34(b), subsidiaries of the Group incorporated in the People's Republic of China and Thailand are required to set aside a statutory reserve fund under local regulations. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 August 2019 and 2018.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, contract liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve and the above-mentioned restricted statutory reserve fund.

|   | Note | Group            |                              | Company          |                  |
|---|------|------------------|------------------------------|------------------|------------------|
|   |      | 2019<br>RM'000   | 2018<br>(Restated)<br>RM'000 | 2019<br>RM'000   | 2018<br>RM'000   |
| Loans and borrowings                            | 29   | 2,420,694        | 2,212,934                    | -                | -                |
| Trade and other payables                        | 30   | 492,414          | 500,151                      | 1,542            | 1,509            |
| Contract liabilities                            | 31   | 55,610           | 59,248                       | -                | -                |
| Less: cash and cash equivalents                 | 28   | (159,715)        | (158,724)                    | (74)             | (151)            |
| <b>Net debt</b>                                 |      | <b>2,809,003</b> | <b>2,613,609</b>             | <b>1,468</b>     | <b>1,358</b>     |
| Equity attributable to the owners of the parent |      | 2,536,955        | 2,383,046                    | 1,036,937        | 1,020,687        |
| (Less)/add:                                     |      |                  |                              |                  |                  |
| - Fair value adjustment reserve                 | 34   | (2,084)          | 1,163                        | -                | -                |
| - Legal reserve                                 | 34   | (10,088)         | (9,164)                      | -                | -                |
| <b>Total equity</b>                             |      | <b>2,524,783</b> | <b>2,375,045</b>             | <b>1,036,937</b> | <b>1,020,687</b> |
| <b>Capital and net debt</b>                     |      | <b>5,333,786</b> | <b>4,988,654</b>             | <b>1,038,405</b> | <b>1,022,045</b> |
| <b>Gearing ratio</b>                            |      | <b>52.66%</b>    | <b>52.39%</b>                | <b>0.14%</b>     | <b>0.13%</b>     |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 43. Segment information

For management purposes, the Group is organised into business units based on their geographical areas, and has five reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes and share of results of associate are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

|                                  | Malaysia<br>RM'000 | Thailand<br>RM'000 | The<br>People's<br>Republic<br>of China<br>RM'000 | The<br>British<br>Virgin<br>Islands<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Note | Consolidated<br>RM'000 |
|----------------------------------|--------------------|--------------------|---|---|------------------|------------------------|------|------------------------|
| <b>31 August 2019</b>            |                    |                    |   |   |                  |                        |      |                        |
| <b>Revenue</b>                   |                    |                    |   |   |                  |                        |      |                        |
| External sales                   | 4,086,042          | 391,385            | 88,568  | -   | 235,144          | -                      |      | 4,801,139              |
| Inter-segment sales              | 104,060            | 330,734            | 1,963   | -   | -                | (436,757)              | A    | -                      |
| <b>Total revenue</b>             | <b>4,190,102</b>   | <b>722,119</b>     | <b>90,531</b>                                     | <b>-</b>                                      | <b>235,144</b>   | <b>(436,757)</b>       |      | <b>4,801,139</b>       |
| <b>Results</b>                   |                    |                    |   |   |                  |                        |      |                        |
| Interest income                  | 28,082             | 124                | 309   | 4,083   | 712              | (22,699)               |      | 10,611                 |
| Depreciation and amortisation    | 170,429            | 20,039             | 3,355   | -   | 1,092            | -                      |      | 194,915                |
| Segment profit/(loss)            | 477,754            | 26,505             | (3,954)   | 3,686   | 1,872            | (82,275)               | B    | 423,588                |
| <b>Assets</b>                    |                    |                    |   |   |                  |                        |      |                        |
| Additions to non-current assets* | 527,917            | 31,629             | 13,965  | -   | 50,594           | -                      | C    | 624,105                |
| Segment assets                   | 3,602,610          | 348,519            | 77,285  | 114,768                                       | 218,322          | 1,326,701              | D    | 5,688,205              |
| <b>Liabilities</b>               |                    |                    |   |   |                  |                        |      |                        |
| Segment liabilities              | 2,817,242          | 119,005            | 13,945  | 11,438  | 11,931           | 160,503                | E    | 3,134,064              |
| <b>Other segment information</b> |                    |                    |   |   |                  |                        |      |                        |
| Capital commitments              | 239,385            | 22,486             | 2,673   | -   | 60,238           | -                      |      | 324,782                |

\* Other than financial instruments and deferred tax assets

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 43. Segment information (cont'd)

|                                      | Malaysia<br>RM'000 | Thailand<br>RM'000 | The<br>People's<br>Republic<br>of China<br>RM'000 | The<br>British<br>Virgin<br>Islands<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Note | Consolidated<br>RM'000 |
|--------------------------------------|--------------------|--------------------|---|---|------------------|------------------------|------|------------------------|
| <b>31 August 2018<br/>(Restated)</b> |                    |                    |   |   |                  |                        |      |                        |
| <b>Revenue</b>                       |                    |                    |   |   |                  |                        |      |                        |
| External sales                       | 3,521,154          | 390,050            | 176,745   | -   | 132,793          | -                      |      | 4,220,742              |
| Inter-segment sales                  | 66,983             | 354,082            | 2,094   | -   | -                | (423,159)              | A    | -                      |
| <b>Total revenue</b>                 | <b>3,588,137</b>   | <b>744,132</b>     | <b>178,839</b>                                    | <b>-</b>                                      | <b>132,793</b>   | <b>(423,159)</b>       |      | <b>4,220,742</b>       |
| <b>Results</b>                       |                    |                    |   |   |                  |                        |      |                        |
| Interest income                      | 10,382             | 107                | 129   | 4,315   | 215              | (2,913)                |      | 12,235                 |
| Depreciation and amortisation        | 121,891            | 17,973             | 5,751   | -   | 1,050            | -                      |      | 146,665                |
| Segment profit/(loss)                | 454,520            | 66,403             | 27,698  | 5,927   | (1,144)          | (30,604)               | B    | 522,800                |
| <b>Assets</b>                        |                    |                    |   |   |                  |                        |      |                        |
| Additions to non-current assets*     | 2,086,686          | 16,264             | 5,944   | -   | 681              | -                      | C    | 2,109,575              |
| Segment assets                       | 3,339,028          | 333,264            | 89,877  | 113,913                                       | 127,429          | 1,293,839              | D    | 5,297,350              |
| <b>Liabilities</b>                   |                    |                    |   |   |                  |                        |      |                        |
| Segment liabilities                  | 2,629,743          | 102,211            | 20,417  | 11,878  | 9,659            | 125,046                | E    | 2,898,954              |
| <b>Other segment information</b>     |                    |                    |   |   |                  |                        |      |                        |
| Capital commitments                  | 181,716            | 4,687              | 498   | -   | -                | -                      |      | 186,901                |

\* Other than financial instruments and deferred tax assets

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 43. Segment information (cont'd)

A Inter-segment revenues are eliminated on consolidation.

B The following items are (deducted from)/added to segment profit to arrive at profit before tax presented in the consolidated income statement.

|                                  | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|----------------------------------|----------------|------------------------------|
| Share of results of an associate | (2,674)        | 6,168                        |
| Finance costs                    | (79,601)       | (36,772)                     |
|                                  | (82,275)       | (30,604)                     |

C Additions to non-current assets consist of:

|                               | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|-------------------------------|----------------|------------------------------|
| Property, plant and equipment | 568,143        | 775,153                      |
| Land use rights               | 55,553         | 93,034                       |
| Investment property           | 393            | 2,619                        |
| Intangible assets             | 16             | 1,238,769                    |
|                               | 624,105        | 2,109,575                    |

D The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:

|                                       | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|---------------------------------------|----------------|------------------------------|
| Deferred tax assets (Note 21)         | 58,472         | 19,271                       |
| Investments in an associate (Note 20) | 11,853         | 14,527                       |
| Intangible assets (Note 23)           | 1,256,376      | 1,260,041                    |
|                                       | 1,326,701      | 1,293,839                    |

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

|                                    | 2019<br>RM'000 | 2018<br>(Restated)<br>RM'000 |
|------------------------------------|----------------|------------------------------|
| Income tax payable                 | 789            | 8,741                        |
| Deferred tax liabilities (Note 21) | 159,714        | 116,305                      |
|                                    | 160,503        | 125,046                      |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 44. Dividends

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019<br>RM'000 | 2018<br>RM'000 | 2019<br>RM'000 | 2018<br>RM'000 |
| Recognised during the financial year:   |                |                |                |                |
| Dividends on ordinary shares:   |                |                |                |                |
| - First tax exempt interim single tier dividend of 3.5 sen per share on 2,559,230,000 ordinary shares, and paid on 16 July 2019 | 89,566         | -              | 89,566         | -              |
| - Final tax exempt single tier dividend of 5 sen per share on 2,556,440,000 ordinary shares, and paid on 25 January 2019        | 127,827        | -              | 127,827        | -              |
| - First tax exempt interim single tier dividend of 7 sen per share on 1,277,926,000 ordinary shares, and paid on 17 July 2018   | -              | 89,454         | -              | 89,454         |
| - Final tax exempt single tier dividend of 8.5 sen per share on 1,255,159,000 ordinary shares, and paid on 25 January 2018      | -              | 106,691        | -              | 106,691        |
|   | <b>217,393</b> | <b>196,145</b> | <b>217,393</b> | <b>196,145</b> |

Dividends received by the ESGP Trusts amounting to RM120 (2018: RM186) for the Group is eliminated against the dividend expense of the Company upon consolidation of the ESGP Trusts as disclosed in Note 4.10(d).

## 45. Financial guarantees

A nominal amount of RM2,420 million (2018: RM1,874 million) relating to corporate guarantees has been provided by the Company to banks for its subsidiaries' loans and borrowings.

As at reporting date, no values are ascribed on these guarantees and letter of undertaking provided by the Company to secure banking facilities described above as the directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

## 46. Material litigation

The Company and its wholly-owned subsidiary, Top Care Sdn Bhd ("Top Care") have taken the following legal proceedings:

- (i) Writ action in the Kuala Lumpur High Court, against Low Chin Guan, Wong Chin Toh, ACPL Sdn Bhd ("ACPL") and Kwek Siew Leng ("Kwek") (collectively, the "Defendants") ("Writ Action").
- (ii) Arbitration proceedings at the Singapore International Arbitration Centre, against Adventa Capital Pte. Ltd. ("Adventa Capital") ("Singapore Arbitration").

The Writ Action and the Singapore Arbitration pertain to the Sale and Purchase Agreement entered into by the Company and Top Care on 12 January 2018 for Top Care's purchase of all issued shares in Aspion Sdn Bhd from Adventa Capital for RM1.37 billion ("the SPA").

The claim is RM640,470,000 as damages suffered by reason of the fraudulent misrepresentations made by Adventa Capital, Wong and Low to induce the Company and Top Care to enter into the SPA at RM1.37 billion as well as conspiracy by Adventa Capital, Wong, Low and Kwek to defraud the Company and Top Care. ACPL is named by reason of it having received RM72.3 million out of the RM1.37 billion purchase price. The Company and Top Care have elected to affirm the SPA and claim for damages.

In the Writ Action, Low counterclaims against the Company, Top Care, Aspion and several individuals for, inter alia, losses suffered by him as a result of his removal from the Management of Aspion and harassment or intimidation; whereas Wong counterclaims against the Company, Top Care and Aspion for, inter alia, losses suffered by him as a result of inconvenience, harassment and costs by reason of freezing order proceedings. The KL High Court has fixed trial dates for the Writ Action in March 2020 to October 2020.

In the Singapore Arbitration, Adventa Capital is counterclaiming against the Company and Top Care for, inter alia, the following:

- (i) Losses suffered by Adventa Capital as a result of the Company's and Top Care's breach of the SPA by Adventa Capital a notice of breach under the SPA; and
- (ii) Losses suffered by Adventa Capital as a result of Low's removal from the Management of Aspion.

Hearing date is yet to be fixed for Singapore Arbitration.

## 46. Material litigation (cont'd)

In aid of the Writ Action and Singapore Arbitration, the Company and Top Care had applied for Mareva Injunction as stated below:

- (i) Mareva Injunction applications were filed in the KL High Court against Adventa Capital, Low, Wong and ACPL to restrain them from disposing their assets up to RM640,470,000. The Mareva applications were heard from 29 to 31 October 2018 and 2 November 2018. Having heard the parties, the learned Judicial Commissioner ("JC") found that the Plaintiffs have made a good arguable case on fraudulent misrepresentation and that there is a risk of dissipation of assets by the Defendants if the Mareva Injunction is not granted. However, the learned JC was of the opinion that there is no causal link between the damages sought by the Plaintiffs and the fraudulent misrepresentation. Thus, the applications were dismissed. The learned JC however granted an Erinford Injunction upon the terms of the Ad Interim Injunction dated 27.8.2018 with injuncted sum of RM219.7 million against Adventa Capital, Low and Wong and the sum of RM72.3 million against ACPL Sdn Bhd; pending the Plaintiffs' appeals to the Court of Appeal against the dismissal of the applications ("Appeals").

The Appeals were called for hearing at the Court of Appeal on 1 August 2019 but were adjourned. During the case management on 24 October 2019, the Court of Appeal has fixed new hearing date for the Appeals on 25 March 2020. The Erinford Injunction remains in force until the disposal of the Appeals. The Plaintiffs have been advised by their solicitors and counsel that they have a good chance at succeeding at the Appeals.

- (ii) A Mareva Injunction application was filed in the Singapore High Court to restrain Adventa Capital from disposing its assets worldwide (save for Malaysia) up to the value of RM714,862,759. The Singapore High Court granted the Singapore Mareva Injunction. On 13 July 2018, Adventa Capital filed an application to set aside the Mareva Order and the application was heard by the Singapore High Court from 14 to 16 May 2019. On 10 June 2019, the Singapore High Court set aside the Mareva Order but granted an Erinford injunction up to the value of RM714,862,759 on the same terms as the Mareva Order, provided that the Company and Top Care make an application for a Mareva injunction to the arbitral tribunal (in SIAC Arbitration No. 171 of 2018) within two weeks, upon which the Erinford injunction will remain in force until there is a determination or order by the arbitral tribunal. The Company and Top Care have on 23 June 2019 filed the aforesaid application at arbitral tribunal. The hearing is fixed from 21 to 23 November 2019.

The Writ Action and the Singapore Arbitration are on-going. Solicitors are of the view that the Company and Top Care have a more than even chance of success in our claims. In the event that the Company and Top Care do not succeed in the claims under the Writ Action, Singapore Arbitration and fail to obtain the Injunctions, the Company and Top Care would be exposed to costs and damages for the Writ Action, Singapore Arbitration and the Mareva Injunctions that may be awarded to the Defendants.

## 47. Subsequent events

On 18 September 2019, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd. ("TGSB"), incorporated TG Excellence Berhad ("TGEb") in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1.00 comprising 1 ordinary share. TGSB owned the entire issued and paid-up share capital of TGEb upon which, TGEb becomes 100% sub-sub-sidiary of the Company.

A single tier final dividend in respect of the financial year ended 31 August 2019, of 4 sen per share on 2,559,814,000 ordinary shares amounting to RM102,393,000 had been declared on 26 September 2019. The final dividend will be paid on 23 December 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 August 2020.

## 48. Comparative figures

The comparative figures have been restated to reflect the effect of:

- (i) Transactions of a newly acquired foreign subsidiary for the financial year ended 31 August 2018 were not recorded in the correct accounting period.
- (ii) Finalisation of purchase price allocation for acquisition Eastern Press Sdn. Bhd., Aspion Sdn. Bhd. and Duramedical Sdn. Bhd.
- (iii) Effective 31 March 2019, the Associate company of Group adopted the policy to state its investment property at fair value. Previously, investment property was stated at cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 48. Comparative figures (cont'd)

The following comparative figures have been restated arising from the 48 (i), (ii) and (iii):

|  | As previously<br>stated<br>RM'000 | Adjustments<br>48. (i)<br>RM'000 | Adjustments<br>48. (ii)<br>RM'000 | Adjustments<br>48. (iii)<br>RM'000 | As restated<br>RM'000 |
|--|-----------------------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------------|
| <b>Group</b>   |                                   |                                  |                                   |                                    |                       |
| <b>Statements of profit or loss</b>                          |                                   |                                  |                                   |                                    |                       |
| <b>For the financial year ended 31 August 2018</b>           |                                   |                                  |                                   |                                    |                       |
| Revenue  | 4,214,482                         | 6,260                            | -                                 | -                                  | 4,220,742             |
| Cost of sales  | (3,367,611)                       | (10,763)                         | -                                 | -                                  | (3,378,374)           |
| Interest income  | 12,256                            | (21)                             | -                                 | -                                  | 12,235                |
| Other income   | 39,752                            | 246                              | -                                 | -                                  | 39,998                |
| Distribution and selling costs                               | (111,692)                         | 220                              | -                                 | -                                  | (111,472)             |
| Administrative and general expenses                          | (224,968)                         | (1,100)                          | (3,657)                           | -                                  | (229,725)             |
| Share of result of an associate                              | 1,697                             | -                                | -                                 | 4,471                              | 6,168                 |
| Finance costs  | (35,321)                          | (1,451)                          | -                                 | -                                  | (36,772)              |
| Income tax expense   | (90,689)                          | 217                              | 878                               | -                                  | (89,594)              |
| <b>Profit attributable to:</b>                               |                                   |                                  |                                   |                                    |                       |
| Owners of the parent   | 434,215                           | (7,077)                          | (2,779)                           | 4,471                              | 428,830               |
| Non-controlling interests                                    | 3,691                             | 685                              | -                                 | -                                  | 4,376                 |
| Foreign currency translation difference of foreign operation | (17,741)                          | (959)                            | -                                 | -                                  | (18,700)              |
| <b>Total comprehensive income attributable to:</b>           |                                   |                                  |                                   |                                    |                       |
| Owners of the parent   | 372,671                           | (7,863)                          | (2,779)                           | 4,471                              | 366,500               |
| Non-controlling interests                                    | 3,525                             | 512                              | -                                 | -                                  | 4,037                 |
| <b>Group</b>   |                                   |                                  |                                   |                                    |                       |
| <b>Statements of financial position</b>                      |                                   |                                  |                                   |                                    |                       |
| <b>As at 1 September 2017</b>                                |                                   |                                  |                                   |                                    |                       |
| Investment in an associate                                   | -                                 | -                                | -                                 | 8,359                              | 8,359                 |



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 48. Comparative figures (cont'd)

The following comparative figures have been restated arising from the 48 (i), (ii) and (iii) (cont'd):

|   | As previously<br>stated<br>RM'000 | Adjustments<br>48. (i)<br>RM'000 | Adjustments<br>48. (ii)<br>RM'000 | Adjustments<br>48. (iii)<br>RM'000 | As restated<br>RM'000 |
|---|-----------------------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------------|
| <b>Group</b>                            |                                   |                                  |                                   |                                    |                       |
| <b>Statements of financial position</b> |                                   |                                  |                                   |                                    |                       |
| <b>As at 31 August 2018</b>             |                                   |                                  |                                   |                                    |                       |
| Property, plant and equipment           | 2,064,817                         | (458)                            | 40,403                            | -                                  | 2,104,762             |
| Land use rights                         | 101,675                           | -                                | 25,354                            | -                                  | 127,029               |
| Investment in an associate              | 1,697                             | -                                | -                                 | 12,830                             | 14,527                |
| Deferred tax assets                     | 14,288                            | 4,983                            | -                                 | -                                  | 19,271                |
| Intangible asset                        | 1,304,496                         | (21)                             | (44,434)                          | -                                  | 1,260,041             |
| Inventories                             | 508,186                           | (2,324)                          | -                                 | -                                  | 505,862               |
| Trade and other receivables             | 646,179                           | (8,870)                          | -                                 | -                                  | 637,309               |
| Other current assets                    | 106,380                           | (1,034)                          | -                                 | -                                  | 105,346               |
| Cash and bank balances                  | 164,836                           | 361                              | -                                 | -                                  | 165,197               |
| Trade and other payables                | 499,685                           | 466                              | -                                 | -                                  | 500,151               |
| Income tax payable                      | 8,680                             | 61                               | -                                 | -                                  | 8,741                 |
| Deferred tax liabilities                | 94,670                            | (3,493)                          | 25,128                            | -                                  | 116,305               |
| Other reserves                          | 4,551                             | 3,616                            | (1,504)                           | -                                  | 6,663                 |
| Retained earnings                       | 1,595,546                         | (8,148)                          | (2,229)                           | 12,830                             | 1,597,999             |
| Non-controlling interests               | 15,287                            | 135                              | (72)                              | -                                  | 15,350                |
| <b>Statements of changes in equity</b>  |                                   |                                  |                                   |                                    |                       |
| <b>As at 1 September 2017</b>           |                                   |                                  |                                   |                                    |                       |
| Retained earnings                       | 1,365,827                         | -                                | -                                 | 8,359                              | 1,374,186             |
| <b>As at 31 August 2018</b>             |                                   |                                  |                                   |                                    |                       |
| Foreign exchange reserve                | 36,125                            | (432)                            | (354)                             | -                                  | 35,339                |
| Other reserve                           | -                                 | 4,048                            | (1,150)                           | -                                  | 2,898                 |
| Retained earnings                       | 1,595,546                         | (8,148)                          | (2,229)                           | 12,830                             | 1,597,999             |
| Non-controlling interests               | 15,287                            | 135                              | (72)                              | -                                  | 15,350                |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

## 48. Comparative figures (cont'd)

The following comparative figures have been restated arising from the 48 (i), (ii) and (iii) (cont'd):

|   | As previously<br>stated<br>RM'000 | Adjustments<br>48. (i)<br>RM'000 | Adjustments<br>48. (ii)<br>RM'000 | Adjustments<br>48. (iii)<br>RM'000 | As restated<br>RM'000 |
|---|-----------------------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------------|
| <b>Group</b>  |                                   |                                  |                                   |                                    |                       |
| <b>Statements of cash flows</b>                                   |                                   |                                  |                                   |                                    |                       |
| <b>For the financial year ended</b>                               |                                   |                                  |                                   |                                    |                       |
| <b>31 August 2018</b>   |                                   |                                  |                                   |                                    |                       |
| <b>Operating activities</b>                                       |                                   |                                  |                                   |                                    |                       |
| Profit before tax   | 528,595                           | (6,609)                          | (3,657)                           | 4,471                              | 522,800               |
| Depreciation on property<br>plant and equipment                   | 141,105                           | 619                              | 1,889                             | -                                  | 143,613               |
| Amortisation of land use rights<br>(Note 17)                      | 1,298                             | (98)                             | 319                               | -                                  | 1,519                 |
| Unrealised foreign exchange<br>loss                               | 19,630                            | 2,528                            | -                                 | -                                  | 22,158                |
| Share of results of an associate                                  | (1,697)                           | -                                | -                                 | (4,471)                            | (6,168)               |
| Finance costs   | 35,321                            | 1,451                            | -                                 | -                                  | 36,772                |
| Interest income   | (12,256)                          | 21                               | -                                 | -                                  | (12,235)              |
| <b>Operating cash flows before<br/>changes in working capital</b> |                                   |                                  |                                   |                                    |                       |
| Increase in inventories   | (106,584)                         | (1,036)                          | -                                 | -                                  | (107,620)             |
| Increase in receivables   | (95,752)                          | 2,739                            | -                                 | -                                  | (93,013)              |
| Increase in other current<br>assets                               | (55,122)                          | 1,034                            | -                                 | -                                  | (54,088)              |
| Decrease in payables  | (34,946)                          | 283                              | -                                 | -                                  | (34,663)              |
| <b>Cash flows from/(used in)<br/>operations</b>                   |                                   |                                  |                                   |                                    |                       |
| Interest paid   | (35,321)                          | (1,451)                          | -                                 | -                                  | (36,772)              |
| Income taxes (paid)/refunded                                      | (52,194)                          | 270                              | -                                 | -                                  | (51,924)              |
| <b>Investing activities</b>                                       |                                   |                                  |                                   |                                    |                       |
| Interest received   | 12,256                            | (21)                             | -                                 | -                                  | 12,235                |
| Net cash outflow on<br>acquisition of subsidiaries                | (1,270,542)                       | -                                | (80)                              | -                                  | (1,270,622)           |
| Acquisition of equity interest<br>of NCI                          | (3,944)                           | 985                              | -                                 | -                                  | (2,959)               |
| <b>Financing activities</b>                                       |                                   |                                  |                                   |                                    |                       |
| Dividends paid on<br>non-controlling interest                     | (5,418)                           | (237)                            | -                                 | -                                  | (5,655)               |
| Effect of changes in foreign<br>exchange rate                     | (4,799)                           | (919)                            | -                                 | -                                  | (5,718)               |
| <b>Cash and cash equivalents<br/>at 31 August (Note 28)</b>       |                                   |                                  |                                   |                                    |                       |
|   | 160,863                           | (2,139)                          | -                                 | -                                  | 158,724               |

## 49. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2019 were authorised for issue in accordance with a resolution of the directors on 31 October 2019.

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

|                             | PARTICULARS OF PROPERTY  | DATE OF ACQUISITION(A)/ REVALUATION(R)   | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE  | LAND AREA/ BUILD-UP AREA                | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |        |
|-----------------------------|--|--|-------------------------|--------|--|---|---|--------|
| <b>A) TOP GLOVE SDN BHD</b> |  |  |                         |        |  |   |   |        |
| 1)                          | No.18, Jalan Mempari 10, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.             | HS (M) 15256, PT 8368, Mukim Kapar, Daerah Klang, Selangor.                                | 23/10/1997 (A)          | 21     | Freehold   | Terrace house/ Accommodation for staff  | 1,300 square feet/ 1,100 square feet            | 91     |
| 2)                          | No.36, Jalan Mempari 1, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.              | HS (M) 15297, PT 8411, Mukim Kapar, Daerah Klang, Selangor.                                | 13/02/1998 (A)          | 21     | Freehold   | Terrace house/ Accommodation for staff  | 1,300 square feet/ 1,100 square feet            | 38     |
| 3)                          | No.11, Jalan Mempari 11, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.             | HS (M) 15238, PT 8349, HS (M) 15238, PT 8445, Mukim Kapar, Daerah Klang, Selangor.         | 15/09/1997 (A)          | 21     | Freehold   | Terrace house/ Accommodation for staff  | 1,300 square feet/ 1,100 square feet            | 85     |
| 4)                          | Lot 4968, Jalan Teratai, Batu 6, Off Jalan Meru, 41050 Klang, Selangor.                      | EMR 6629, Lot 4968, Mukim Kapar, Daerah Klang, Selangor.                                   | 13/10/1993 (A)          | 25     | Freehold   | Factory/Glove manufacturing             | 3 acres/66,980 square feet                      | 3,233  |
| 5)                          | Lot 5136, 6 <sup>th</sup> Miles, Jalan Sungai Binjai, 41050 Klang, Selangor.                 | GM 3057, Lot 5136, Mukim Kapar, Daerah Klang, Selangor.                                    | 15/08/2014 (A)          | N/A    | Freehold   | Vacant                                  | 1.8843 hectares                                 | 13,020 |
| 6)                          | No.23, Jalan Seri Kenangan 8, Taman Meru 3, Meru, 41050 Klang, Selangor.                     | HS (M) 10314, PT 15442, Mukim Kapar, Daerah Klang, Selangor.                               | 23/05/1996 (A)          | 23     | Freehold   | Terrace house/ Accommodation for staff  | 1,608 square feet/ 1,350 square feet            | 67     |
| 7)                          | No.22, Jalan Mempari 1, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.              | HS (M) 15304, PT 8419, Mukim Kapar, Daerah Klang, Selangor.                                | 15/09/1997 (A)          | 21     | Freehold   | Terrace house/ Accommodation for staff  | 1,300 square feet/ 1,100 square feet            | 91     |
| 8)                          | Lot 5987, Jalan Teratai, Batu 5, Off Jalan Meru, 41050 Klang, Selangor.                      | EMR 8780, Lot 5987, Mukim Kapar, Daerah Klang, Selangor.                                   | 11/07/2000 (A)          | 19     | Freehold   | Factory/Glove manufacturing             | 2.8 acres/57,250 square feet                    | 5,053  |
| 9)                          | Lot 4969, Jalan Teratai, Batu 6, Off Jalan Meru, 41050 Klang, Selangor.                      | GM 2143, Lot 4969, Mukim Kapar, Daerah Klang, Selangor.                                    | 11/10/2000 (A)          | 18     | Freehold   | Factory/Office building                 | 3 acres/41,274 square feet                      | 7,576  |
| 10)                         | Lot 18, 27, 38 & 57, Medan Tasek, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak.            | Lot 18, 27, 38 & 57, Medan Tasek, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak.          | 22/11/1999 (A)          | 19     | Leasehold (Expiring on: Lot 18-30.9.2072 Lot 27-28.12.2063 Lot 38-23.12.2069 Lot 57-1.10.2064) | Factory/Glove manufacturing             | 311,192 square feet/197,675 square feet         | 9,404  |
| 11)                         | No.3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25 & 27, Taman Mutiara, Tasek, 31400 Ipoh, Perak. | Lot 375847 - 375859 Tasek Mutiara, 31400 Ipoh, Perak.                                      | 02/11/2007 (A)          | 11     | Freehold   | Terrace house/ Accommodation for worker | 1,400 square feet/ 1,625 square feet            | 1,681  |
| 12)                         | No.29, Jalan Abadi 1, Taman Daya Meru, Batu 5½, Jalan Meru, 41050 Klang, Selangor.           | GM 13955, Lot 31151, Mukim Kapar, Daerah Klang, Selangor.                                  | 05/12/2013 (A)          | 5      | Freehold   | Terrace house/ Accommodation for staff  | 139 square meter                                | 126    |
| 13)                         | Lot 12, Medan Tasek, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak.                         | PN 1308, Lot 56530, Mukim Hulu Kinta, Daerah Kinta, Perak.                                 | 04/02/2010 (A)          | 9      | Leasehold (Expiring on: 05.04.2066)  | Factory/Office building                 | 213,889 square feet/ 131,576 square feet        | 6,266  |
| 14)                         | Lot 5094 & 5977, Mukim Kapar, Daerah Klang, 41050 Klang, Selangor.                           | GM 4326, Lot 5094 & 5977, 4 ½ Mile Sungai Binjai Road, Mukim Kapar, Daerah Klang, Selangor | 26/01/2018 (A)          | N/A    | Freehold   | Factory/ Water Process and Supply       | 1.794 acres                                     | 5,385  |
| 15)                         | Plot 7, Medan Tasek, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak.                         | HS (D) 889/68, Lot 927, Mukim Hulu Kinta, Daerah Kinta, Perak.                             | 05/07/2011 (A)          | 8      | Leasehold (Expiring on: 02.05.2067)  | Factory/Glove manufacturing             | 80,937 square feet/ 48,352 square feet          | 2,688  |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|     | PARTICULARS OF PROPERTY  | DATE OF ACQUISITION(A)/ REVALUATION(R)   | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE | LAND AREA/ BUILD-UP AREA               | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |       |
|-----|--|--|-------------------------|--------|---------------------------|--|---|-------|
| 16) | Lot 4960, Jalan Teratai, Batu 6, Off Jalan Meru, 41050 Klang, Selangor.          | GM 2326, Lot 4960, Mukim Kapar, Daerah Klang, Selangor.                            | 24/09/2003 (A)          | 15     | Freehold                  | Factory/Glove manufacturing            | 3 acres/58,240 square feet                      | 7,134 |
| 17) | Lot 4970, Jalan Teratai, Batu 6, Off Jalan Meru, 41050 Klang, Selangor.          | HS (M) 38148, PT Nos. 63271, Mukim Kapar, Daerah Klang, Selangor.                  | 20/11/2003 (A)          | 15     | Freehold                  | Factory/Glove manufacturing            | 3 acres/67,924 square feet                      | 5,721 |
| 18) | Lot 4967, Jalan Teratai, Batu 6, Off Jalan Meru, 41050 Klang, Selangor           | GM 5584, Lot 4967, Mukim Kapar, Daerah Klang, Selangor.                            | 19/03/2004 (A)          | 15     | Freehold                  | Factory/Glove manufacturing            | 3 acres/58,240 square feet                      | 6,765 |
| 19) | No.21, Jalan Mempari 11, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor. | HS (M) 15324, PT 8441, HS (M) 15242, PT 8353, Mukim Kapar, Daerah Klang, Selangor. | 12/05/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 94    |
| 20) | No.37, Jalan Mempari 1, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.  | HS (M) 18522, PT 24689, Mukim Kapar, Daerah Klang, Selangor.                       | 12/05/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 107   |
| 21) | No.26, Jalan Abadi 10A/KU8, Taman Daya Maju, 41050 Klang, Selangor.              | HS (M) 26112, PT 39636, Mukim Kapar, Daerah Klang, Selangor.                       | 21/03/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 114   |
| 22) | No.21, Jalan Sesenduk 20, Off Taman Meru Jaya, 41050 Klang, Selangor.            | GM 7798, Lot 37307, Mukim Kapar, Daerah Klang, Selangor.                           | 13/05/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 114   |
| 23) | No.23, Jalan Sesenduk 20, Off Taman Meru Jaya, 41050 Klang, Selangor.            | GM 7797, Lot 37306, Mukim Kapar, Daerah Klang, Selangor.                           | 13/05/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 114   |
| 24) | No.27, Lorong Tempinis 1, Pekan Meru, 42200 Klang, Selangor.                     | HS (M) 3773, PT 1286 & HS (M) 3685, PT 1285, Mukim Kapar, Daerah Klang, Selangor.  | 25/05/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 93    |
| 25) | No.57, Jalan Sesenduk 5, Taman Meru Utama, 41050 Klang, Selangor.                | GM 7330, Lot 43375, Mukim Kapar, Daerah Klang, Selangor.                           | 19/07/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 114   |
| 26) | No.51, Jalan Sesenduk 5, Taman Meru Utama, 41050 Klang, Selangor.                | GM 7327, Lot 43372, Mukim Kapar, Daerah Klang, Selangor.                           | 19/07/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 114   |
| 27) | No.67, Jalan Sesenduk 6, Taman Meru Utama, 41050 Klang, Selangor.                | GM 7311, Lot 43353, Mukim Kapar, Daerah Klang, Selangor.                           | 19/07/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 107   |
| 28) | No.65, Jalan Sesenduk 6, Taman Meru Utama, 41050 Klang, Selangor.                | GM 7310, Lot 43352, Mukim Kapar, Daerah Klang, Selangor.                           | 19/07/2005 (A)          | 14     | Freehold                  | Terrace house/ Accommodation for staff | 1,300 square feet/ 1,100 square feet            | 107   |
| 29) | Lot 4947, Jalan Teratai, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor.         | GM 5101, Lot 4947, Mukim Kapar, Daerah Klang, Selangor.                            | 23/11/2004 (A)          | 14     | Freehold                  | Factory/Glove manufacturing            | 3 acres/58,240 square feet                      | 9,858 |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|     | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R)  | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE | LAND AREA/ BUILD-UP AREA                | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |       |
|-----|---|---|-------------------------|--------|---------------------------|---|---|-------|
| 30) | No.1, 3, 5 & 7, Jalan Abadi 1A/KU8,<br><br>No.1 - 8, Jalan Abadi 1B/KU8,<br><br>No.1, 3, 5 & 7, Jalan Abadi 1C/KU8,<br><br>No.60, 62, 64, 66, 67, 69, 71, 73, 75 & 77, Jalan Abadi 4/KU8,<br><br>No.49, 51, 53, 55, 57, 59, 62, 64, 66, 68, 70 & 72, Jalan Abadi 5/KU8,<br><br>No.46, 48, 50, 52, 54 & 56, Jalan Abadi 6/KU8, Taman Daya Maju, 41050 Klang, Selangor. | HS (M) 10598 - 10601, PT 49525 - 49528,<br><br>HS (M) 10605 - 28476, PT 40356 - 40363,<br><br>HS (M) 28477 - 28480 & 28484, PT 40367 - 40370 & 40374,<br><br>HS (M) 28481 - 28483 & 28486 - 28491, PT 40371 - 40373 & 40376 - 40381,<br><br>HS (M) 28492 - 28497 & 28499 - 28504, PT 40382 - 40387 & 40389 - 40394,<br><br>HS (M) 28505 - 28510, PT 40395 - 40400, Mukim Kapar, Daerah Klang, Selangor. | 29/04/2006 (A)          | 13     | Freehold                  | Terrace house/ Accommodation for staff  | 70,995 square feet                              | 5,407 |
| 31) | No.41, Jalan Abadi 3, Taman Daya Meru, 41050 Klang, Selangor.   | HS (M) 18218, PT 24467, Mukim Kapar, Daerah Klang, Selangor.  | 02/12/2005 (A)          | 13     | Freehold                  | Terrace house/ Accommodation for staff  | 1,098 square feet                               | 88    |
| 32) | No.25, Jalan Sesenduk 20, Taman Meru Jaya, 41050 Klang, Selangor.   | GM 7799, Lot 37308, Mukim Kapar, Daerah Klang, Selangor.  | 31/07/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for staff  | 121 square meter                                | 132   |
| 33) | No.7, Lorong Abadi 2, Batu 5½, Off Jalan Meru, Taman Daya Meru, 41050 Klang, Selangor.  | GM 16575, Lot 31111, Batu 6, Jalan Sungai Binjai, Mukim Kapar, Daerah Klang, Selangor.  | 04/12/2009 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for staff  | 111 square meter                                | 99    |
| 34) | No.20, Jalan Sesenduk 19, Taman Meru Jaya, 41050 Klang, Selangor.   | GM 7804, Lot 37313, Batu 6½, Jalan Sungai Binjai, Mukim Kapar, Daerah Klang, Selangor.  | 08/02/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for staff  | 111 square meter                                | 130   |
| 35) | No.31, Jalan Mempari 12, Taman Bayu, Batu 5, Jalan Meru, 41050 Klang, Selangor.   | GM 14268, Lot 38295 & HS (M) 15348, PT 8466, Batu 6, Jalan Sungai Binjai, Mukim Kapar, Daerah Klang, Selangor.  | 11/03/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for staff  | 121 square meter                                | 95    |
| 36) | No.8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 40, 42, 44 & 46, Jalan Sesenduk 21, Taman Meru Jaya, 41050 Klang, Selangor.   | GM 7790, 7789, 7788, 7787, 7786, 7785, 7784, 7783, 7782, 7781, 7780, 7779, 7778, 7777, 7776, 7774, 7773, 7772, 7771, Lot 37299, 37298, 37297, 37296, 37295, 37294, 37293, 37292, 37291, 37290, 37289, 37288, 37287, 37286, 37285, 37283, 37282, 37281, 37280, Mukim Kapar, Daerah Klang, Selangor.  | 05/02/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for staff  | 190 square meter/ unit                          | 3,024 |
| 37) | No.47, Jalan Sesenduk 7, Taman Meru Utama, 41050 Klang, Selangor.   | GM 7295, Lot 43337, Mukim Kapar, Daerah Klang, Selangor.  | 13/08/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for worker | 121 square meter                                | 137   |
| 38) | No.46, Jalan Sesenduk 7, Taman Meru Utama, Off Jalan Meru, 41050 Klang, Selangor.   | GM 12533, Lot 33910, Mukim Kapar, Daerah Klang, Selangor.   | 31/07/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for worker | 121 square meter                                | 129   |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|     | PARTICULARS OF PROPERTY  | DATE OF ACQUISITION(A)/ REVALUATION(R)  | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE | LAND AREA/ BUILD-UP AREA                          | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000)                 |        |
|-----|--|---|-------------------------|--------|---------------------------|---|---|--------|
| 39) | No.1, Jalan Sesenduk 3C, Taman Meru Utama 5, 41050 Klang, Selangor.                        | GM 15282, Lot 45058, Tempat Batu 5½, Jalan Sungai Binjai, Mukim Kapar, Daerah Klang, Selangor.  | 27/05/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for worker           | 261 square meter  | 225    |
| 40) | No.69, Jalan Sesenduk 6, No.57, Jalan Sesenduk 7, Taman Meru Utama, 41050 Klang, Selangor. | GM 7300, 7331, Lot 43342, 43376, Tempat Batu 5, Jalan Sungai Binjai, Mukim Kapar, Daerah Klang, Selangor.   | 25/01/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for worker and staff | 133 square meter<br>193 square meter                            | 280    |
| 41) | No.3, Jalan Sesenduk 3C, Taman Meru Utama 55, 41050 Klang, Selangor.                       | GM 15247, 15246, 15244, 15242, 15265, Lot 45023, 45022, 45020, 45018, 45041, Tempat Batu 5, Jalan Sungai Binjai, Mukim Kapar, Daerah Klang, Selangor. | 21/04/2010 (A)          | 9      | Freehold                  | Terrace house/ Accommodation for worker           | No.9 - 21: 110 square meter/unit<br>No.3: 127 square meter/unit | 124    |
| 42) | Lot 4908, Jalan Teratai, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor.                   | EMR 6605, Lot 4908, Mukim Kapar, Daerah Klang, Selangor.  | 08/07/1997 (A)          | 22     | Freehold                  | Terrace house/ Accommodation for worker           | 3 acres/54,140 square feet                                      | 1,813  |
| 43) | Lot 4988, 5½ Miles, Sungai Binjai Road, 41050 Klang, Selangor.                             | GM 1584, Lot 4988, Mukim Kapar, Daerah Klang, Selangor.   | 10/10/2005 (A)          | 13     | Freehold                  | Factory/Glove manufacturing                       | 3 acres/12,141 square meter                                     | 9,542  |
| 44) | Lot 4989, Jalan Dahlia/KU8, Kawasan Perindustrian Meru Timur, 41050 Klang, Selangor.       | GM 703, Lot 4989, Mukim Kapar, Daerah Klang, Selangor.  | 10/10/2005 (A)          | 13     | Freehold                  | Factory/Glove manufacturing                       | 3 acres/12,267 square meter                                     | 8,550  |
| 45) | Lot 4986, Batu 5, Jalan Sungai Binjai, Mukim Kapar, 41050 Klang, Selangor.                 | GM 1102, Lot 4986, Mukim Kapar, Daerah Klang, Selangor.   | 24/02/2006 (A)          | 13     | Freehold                  | Factory/Glove manufacturing                       | 3 acres/12,141 square meter                                     | 7,919  |
| 46) | Lot 4987, 5 <sup>th</sup> Miles, Sungai Binjai Road, Mukim Kapar, 41050 Klang, Selangor.   | GM 2619, Lot 4987, Mukim Kapar, Daerah Klang, Selangor.   | 24/05/2006 (A)          | 13     | Freehold                  | Factory/Glove manufacturing                       | 3 acres/12,141 square meter                                     | 9,470  |
| 47) | Lot 4990, Jalan Bunga Raya, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor.                | GM 5116, Lot 4990, Mukim Kapar, Daerah Klang, Selangor.   | 05/03/2007 (A)          | 12     | Freehold                  | Factory/Glove manufacturing                       | 3 acres/12,267 square meter                                     | 8,649  |
| 48) | Lot 4946, Jalan Teratai, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor.                   | GM 2574, Lot 4946, Mukim Kapar, Daerah Klang, Selangor.   | 14/01/2008 (A)          | N/A    | Freehold                  | Vacant  | 3 acres   | 2,718  |
| 49) | Lot 4949, Jalan Teratai, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor.                   | GM 1728, Lot 4949, Mukim Kapar, Daerah Klang, Selangor.   | 18/01/2008 (A)          | N/A    | Freehold                  | Vacant  | 3 acres   | 3,072  |
| 50) | Lot 4962, 5 <sup>th</sup> Miles, Sungai Binjai Road, Mukim Kapar, 41050 Klang, Selangor.   | GM 5100, Lot 4962, Mukim Kapar, Daerah Klang, Selangor.   | 27/06/2018 (A)          | 1      | Freehold                  | Factory/ Office Building                          | 3 acres/<br>30,304 square feet                                  | 13,417 |
| 51) | Lot 5094, Tempat Batu 4½, Jalan Sungai Binjai, 41050 Klang, Selangor.                      | GM 4326, Lot 5094, Mukim Kapar, Daerah Klang, Selangor.   | 03/10/2008 (A)          | N/A    | Freehold                  | Vacant  | 3 acres<br>5 pole   | 2,532  |
| 52) | Lot 5977 & 5975, Tempat Batu 4½, Jalan Sungai Binjai, 41050 Klang, Selangor.               | GM 4436 & 4437, Lot 5977 & 5975, Mukim Kapar, Daerah Klang, Selangor.   | 03/10/2008 (A)          | N/A    | Freehold                  | Vacant  | 1.794 & 0.068 acres   | 1,531  |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|     | PARTICULARS OF PROPERTY  | DATE OF ACQUISITION(A)/ REVALUATION(R)   | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE | LAND AREA/ BUILD-UP AREA                | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |
|-----|--|--|-------------------------|--------|---------------------------|---|---|
| 53) | Lot 4941, Tempat Batu 6, Jalan Sungai Binjai, 41050 Klang, Selangor.         | GM 2082, Lot 4941, Mukim Kapar, Daerah Klang, Selangor.  | 01/06/2009 (A)          | N/A    | Freehold                  | Vacant                                  | 3 acres<br>1,704                                |
| 54) | Lot 5139, Tempat Batu 6, Jalan Sungai Binjai, 41050 Klang, Selangor.         | GM 5863, Lot 5139, Mukim Kapar, Daerah Klang, Selangor.  | 07/09/2009 (A)          | N/A    | Freehold                  | Vacant                                  | 4 acres<br>2 rood<br>25 pole<br>6,102           |
| 55) | Lot 5140, Tempat Batu 6, Jalan Sungai Binjai, 41050 Klang, Selangor.         | GM 1657, Lot 5140, Mukim Kapar, Daerah Klang, Selangor.  | 30/11/2009 (A)          | N/A    | Freehold                  | Vacant                                  | 4 acres<br>3 rood<br>6,218                      |
| 56) | Lot 4985, Tempat Batu 5, Jalan Sungai Binjai, 41050 Klang, Selangor.         | GM 2321, Lot 4985, Mukim Kapar, Daerah Klang, Selangor.  | 18/06/2010 (A)          | 2      | Freehold                  | Factory/Glove manufacturing             | 3 acres<br>4,233                                |
| 57) | Lot 4956, Tempat Batu 6, Jalan Sungai Binjai, 41050 Klang, Selangor.         | GM 2580, Lot 4956, Mukim Kapar, Daerah Klang, Selangor.  | 19/11/2010 (A)          | 2      | Freehold                  | Terrace house/ Accommodation for worker | 1.2141 hectares<br>17,304                       |
| 58) | Lot 5013, Tempat Batu 5, Jalan Sungai Binjai, 41050 Klang, Selangor.         | GM 153, Lot 5013, Mukim Kapar, Daerah Klang, Selangor.   | 15/07/2011 (A)          | N/A    | Freehold                  | Vacant                                  | 1.2141 hectares<br>5                            |
| 59) | Lot 5991, Tempat Batu 4½, Jalan Sungai Binjai, 41050 Klang, Selangor.        | GM 5591, Lot 5991, Mukim Kapar, Daerah Klang, Selangor.  | 30/09/2010 (A)          | N/A    | Freehold                  | Vacant                                  | 1.1331 hectares<br>3,497                        |
| 60) | HS (D) 129441, PT 62956, Jalan Bukit Kapar, 41050 Klang, Selangor.           | HS (D) 129441, PT 62956, Mukim Kapar, Daerah Klang, Selangor.  | 28/02/2011 (A)          | N/A    | Freehold                  | Vacant                                  | 131,730 square meter<br>14,304                  |
| 61) | No.22, Jalan Sesenduk 19, Taman Meru Utama, 41050 Klang, Selangor.           | GM 7805, Lot 37314, Mukim Kapar, Daerah Klang, Selangor.   | 03/09/2010 (A)          | 8      | Freehold                  | Terrace house/ Accommodation for staff  | 111 square meter<br>121                         |
| 62) | No.55, Jalan Sesenduk 7, Taman Meru Utama, 41050 Klang, Selangor.            | GM 7299, Lot 43341, Mukim Kapar, Daerah Klang, Selangor.   | 29/10/2010 (A)          | 8      | Freehold                  | Terrace house/ Accommodation for staff  | 121 square meter<br>138                         |
| 63) | No.15, Jalan Abadi 10B/KU8, Taman Daya Maju, 41050 Klang, Selangor.          | GM 8996, Lot 48112, Mukim Kapar, Daerah Klang, Selangor.   | 30/10/2010 (A)          | 8      | Freehold                  | Terrace house/ Accommodation for staff  | 109 square meter<br>125                         |
| 64) | Lot 4953, 5 <sup>th</sup> Miles, Jalan Sungai Binjai, 41050 Klang, Selangor. | GM 2645, Lot 4953, Mukim Kapar, Daerah Klang, Selangor.  | 27/02/2014 (A)          | N/A    | Freehold                  | Vacant                                  | 1.2141 hectares<br>9,291                        |
| 65) | Lot 5105, 4½ Miles, Jalan Sungai Binjai, 41050 Klang, Selangor.              | GM 5076, Lot 5105, Mukim Kapar, Daerah Klang, Selangor.  | 19/11/2013 (A)          | N/A    | Freehold                  | Vacant                                  | 4.344 acres/<br>1.7579 hectares<br>14,154       |
| 66) | No.25, Jalan Mempari 9, Taman Bayu, 41050 Klang, Selangor.                   | GM 13014, Lot 307, Seksyen 1, 6 <sup>th</sup> Miles, Sungai Binjai Road, Pekan Meru, Daerah Klang, Selangor. | 15/12/2010 (A)          | 8      | Freehold                  | Terrace house/ Accommodation for staff  | 109 square meter<br>121                         |
| 67) | No.22, Jalan Sesenduk 4, Taman Meru Utama, 41050 Klang, Selangor.            | GM 13456, Lot 33926, Mukim Kapar, Daerah Klang, Selangor.  | 30/12/2010 (A)          | 8      | Freehold                  | Terrace house/ Accommodation for staff  | 190 square meter<br>122                         |
| 68) | No.26, Jalan Mempari 1, Taman Bayu, 41050 Klang, Selangor.                   | GM 8479, Lot 38225, Seksyen 1, Mukim Kapar, Daerah Klang, Selangor.  | 31/12/2010 (A)          | 8      | Freehold                  | Terrace house/ Accommodation for staff  | 121 square meter<br>92                          |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|     |   | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R) | AGE OF BUILDING (YEARS) | TENURE   | DESCRIPTION/ EXISTING USE              | LAND AREA/ BUILD-UP AREA | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |
|-----|---|---|--|-------------------------|----------|--|--------------------------|---|
| 69) | No.30, Jalan Abadi 5, Taman Daya Maju, 41050 Klang, Selangor.                               | Lot 31191, Mukim Kapar, Daerah Klang, Selangor.                       | 12/05/2011 (A)                         | 8                       | Freehold | Terrace house/ Accommodation for staff | 82 square meter          | 101   |
| 70) | No.42, Jalan Mempari 10, Batu 5½, Jalan Meru, 41050 Klang, Selangor.                        | GM 14219, Lot 38256, Seksyen 1, Pekan Meru, Daerah Klang, Selangor.   | 07/09/2011 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 121 square meter         | 105   |
| 71) | No.60, Jalan Mempari 10, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.            | GM 14210, Lot 38247, Seksyen 1, Pekan Meru, Daerah Klang, Selangor.   | 01/11/2011 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 121 square meter         | 106   |
| 72) | No.58, Jalan Mempari 1, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.             | GM 8463, Lot 38208, Seksyen 1, Pekan Meru, Daerah Klang, Selangor.    | 15/11/2011 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 121 square meter         | 98  |
| 73) | Lot 5002, Batu 5½, Jalan Meru, 41050 Klang, Selangor.                                       | GM 10245, Lot 5002, (Lot 23552), Mukim Kapar, Daerah Klang, Selangor. | 29/09/2015 (A)                         | 3                       | Freehold | Factory                                | 10,891 square meter      | 15,780  |
| 74) | No.64, Jalan Sesenduk 7, Off Jalan Meru, 41050 Klang, Selangor.                             | GM 7303, Lot 43345, Mukim Kapar, Daerah Klang, Selangor.              | 25/02/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 121 square meter         | 147   |
| 75) | No.21, Jalan Abadi 5, Taman Saujana Meru, 41050 Klang, Selangor.                            | GM 16595, Lot 31142, Mukim Kapar, Daerah Klang, Selangor.             | 21/03/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 121 square meter         | 82  |
| 76) | No.25, Jalan Abadi 10D/KU8, Taman Daya Maju, 41050 Klang, Selangor.                         | GM 9497, Lot 48131, Mukim Kapar, Daerah Klang, Selangor.              | 22/06/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 145 square meter         | 158   |
| 77) | No.47, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.                          | GM 17487, Lot 59975, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 78) | No.43, Jalan Abadi 1A/KU8, Taman Daya Maju, Batu 6½, Off Jalan Meru, 41050 Klang, Selangor. | GM 17485, Lot 59973, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 79) | No.45, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.                          | GM 17486, Lot 59974, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 80) | No.49, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.                          | GM 17488, Lot 59976, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 81) | No.51, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.                          | GM 17489, Lot 59977, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 82) | No.53, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.                          | GM 17490, Lot 59978, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 83) | No.55, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.                          | GM 17491, Lot 59979, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 84) | No.57, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.                          | GM 17492, Lot 59980, Mukim Kapar, Daerah Klang, Selangor.             | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |



# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|     |  | PARTICULARS OF PROPERTY  | DATE OF ACQUISITION(A)/ REVALUATION(R) | AGE OF BUILDING (YEARS) | TENURE   | DESCRIPTION/ EXISTING USE              | LAND AREA/ BUILD-UP AREA | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |
|-----|--|--|--|-------------------------|----------|--|--------------------------|---|
| 85) | No.59, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.   | GM 17493, Lot 59981, Mukim Kapar, Daerah Klang, Selangor.          | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 86) | No.61, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.   | GM 17494, Lot 59982, Mukim Kapar, Daerah Klang, Selangor.          | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 143   |
| 87) | No.63, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.   | GM 17495, Lot 59983, Mukim Kapar, Daerah Klang, Selangor.          | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 144   |
| 88) | No.65, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.   | GM 17496, Lot 59984, Mukim Kapar, Daerah Klang, Selangor.          | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 144   |
| 89) | No.67, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.   | GM 17497, Lot 59985, Mukim Kapar, Daerah Klang, Selangor.          | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 144   |
| 90) | No.69, Jalan Abadi 1A/KU8, Taman Daya Maju, 41050 Klang, Selangor.   | GM 17498, Lot 59986, Mukim Kapar, Daerah Klang, Selangor.          | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 144   |
| 91) | No.71, Jalan Abadi 1A/KU8, Taman Daya Maju, Batu 6½, 41050 Klang, Selangor.  | GM 17499, Lot 59987, Mukim Kapar, Daerah Klang, Selangor.          | 19/07/2012 (A)                         | 7                       | Freehold | Terrace house/ Accommodation for staff | 130 square meter         | 144   |
| 92) | 8-2, 8-3, 8-4, 8-5, Setia Avenue, Jalan Setia Prima (S), U13/5, Setia Alam, Seksyen U13, 40170, Shah Alam, Selangor. | GM 290749, Lot 59640, Mukim Bukit Raja, Daerah Petaling, Selangor. | 01/02/2012 (A)                         | 7                       | Freehold | Building                               | 920.77 square meter      | 3,046   |
| 93) | No.6, Lorong Abadi 3, Pekan Meru, Taman Saujana Meru, 41050 Klang, Selangor.   | HS (M) 20392, PT 25898, Mukim Kapar, Daerah Klang, Selangor.       | 30/10/2012 (A)                         | 6                       | Freehold | Terrace house/ Accommodation for staff | 111.483 square meter     | 109   |
| 94) | No.24, Lorong Hamzah Alang 77B, Off Jalan Kapar Batu 9½, Taman Jaya, 42200 Kapar, Selangor.                          | HS (D) 35605, PT 19713, Mukim Kapar, Daerah Klang, Selangor.       | 28/09/2012 (A)                         | 6                       | Freehold | Terrace house/ Accommodation for staff | 120.75 square meter      | 102   |
| 95) | No.40, Jalan Mempari 10, Taman Bayu, Batu 5½, Jalan Meru, 41050 Klang, Selangor.                                     | HS (M) 15228, PT 8339, Mukim Kapar, Daerah Klang, Selangor.        | 12/10/2012 (A)                         | 6                       | Freehold | Terrace house/ Accommodation for staff | 121 square meter         | 109   |
| 96) | No.28, Jalan Mempari 12, 5 <sup>th</sup> Miles, Jalan Meru, 41050 Klang, Selangor.                                   | HS (M) 15355, PT 8473, Mukim Kapar, Daerah Klang, Selangor.        | 04/02/2013 (A)                         | 6                       | Freehold | Terrace house/ Accommodation for staff | 105 square meter         | 92  |
| 97) | Lot 4981, 5 <sup>th</sup> Miles, Jalan Sungai Binjai, 41050 Klang, Selangor.   | GM 5117, Lot 4981, Mukim Kapar, Daerah Klang, Selangor.            | 06/06/2013 (A)                         | N/A                     | Freehold | Land                                   | 1.2141 hectares          | 5,255   |
| 98) | Lot 4982, 5 <sup>th</sup> Miles, Jalan Sungai Binjai, 41050 Klang, Selangor.   | GM 4325, Lot 4982, Mukim Kapar, Daerah Klang, Selangor.            | 01/01/2013 (A)                         | N/A                     | Freehold | Land                                   | 1.2141 hectares          | 4,752   |
| 99) | Lot 4983, 5 <sup>th</sup> Miles, Jalan Sungai Binjai, 41050 Klang, Selangor.   | GM 593, Lot 4983, Mukim Kapar, Daerah Klang, Selangor.             | 01/01/2013 (A)                         | 2                       | Freehold | Factory/Glove manufacturing            | 1.2141 hectares          | 26,205  |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|                              | PARTICULARS OF PROPERTY  | DATE OF ACQUISITION(A)/ REVALUATION(R)  | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE | LAND AREA/ BUILD-UP AREA                     | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000)        |
|------------------------------|--|---|-------------------------|--------|---------------------------|--|--|
| 100)                         | Lot 4984, 5 <sup>th</sup> Miles, Jalan Sungai Binjai, 41050 Klang, Selangor.   | GM 2445, Lot 4984, Mukim Kapar, Daerah Klang, Selangor.   | 01/01/2013 (A)          | 2      | Freehold                  | Factory/Glove manufacturing                  | 1.2141 hectares<br>26,412                              |
| 101)                         | Lot 4991, Jalan Bunga Raya, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor.  | HS (M) 39325, PT 64593, Mukim Kapar, Daerah Klang, Selangor.  | 19/10/2004 (A)          | 14     | Freehold                  | Factory/Glove manufacturing                  | 4.3 acres<br>3,242                                     |
| 102)                         | Unit C-34-07, Phase 2D02, Trefoil, Level 34, Tower C, Seksyen U13, Jalan Setia Dagang, AH U13/AH, Setia Alam, 40170 Shah Alam, Selangor. | GRN 308223, Lot 61049, Daerah Petaling, Selangor.   | 05/01/2016 (A)          | 3      | Freehold                  | Strata office                                | 45.1 square meter<br>262                               |
| 103)                         | Unit C-34-08, Phase 2D02, Trefoil, Level 34, Tower C, Seksyen U13, Jalan Setia Dagang, AH U13/AH, Setia Alam, 40170 Shah Alam, Selangor. | GRN 308223, Lot 61049, Daerah Petaling, Selangor.   | 16/12/2015 (A)          | 3      | Freehold                  | Strata office                                | 45.1 square meter<br>262                               |
| 104)                         | Lot 5090, Batu 5½, Jalan Meru, 41050 Klang, Selangor.  | GM 2361, Lot 5090, Mukim Kapar, Daerah Klang, Selangor.   | 01/12/2016 (A)          | 2      | Freehold                  | Factory/Glove manufacturing                  | 12,104.55 square meter<br>14,708                       |
| 105)                         | Lot 4961, Tempat Batu 5, Jalan Binjai, 41050 Klang, Selangor.  | GM 525, Lot 4961, Mukim Kapar, Daerah Klang, Selangor.  | 17/09/2008 (A)          | 10     | Freehold                  | Factory/Glove manufacturing                  | 3 acres<br>3,665                                       |
| <b>B) TG MEDICAL SDN BHD</b> |  |   |                         |        |                           |  |  |
| 1)                           | Lot 5091, Jalan Teratai, Batu 5, Off Jalan Meru, 41050 Klang, Selangor.  | GM 3989, Lot 5091, 4½ Miles, Sungai Binjai Road, Mukim Kapar, Daerah Klang, Selangor.                           | 25/10/1995 (A)          | 23     | Freehold                  | Factory/Glove manufacturing                  | 3 acres/<br>68,490 square feet<br>6,243                |
| 2)                           | No.19, Jalan Mempari 11, Batu 5½, Jalan Meru, 41050 Klang, Selangor.   | HS (M) 15241, PT 8352, HS (M) 15325, PT 8442, Batu 6, Jalan Sungai Binjai, Mukim Kapar, Daerah Klang, Selangor. | 08/05/1998 (A)          | 21     | Freehold                  | Terrace house/<br>Accommodation<br>for staff | 1,300 square feet/<br>1,100 square feet<br>83          |
| 3)                           | Lot 5972 & 5974, Jalan Teratai, Batu 5, Jalan Meru, 41050 Klang, Selangor.   | GM 4098 & 4099, Lot 5972 & 5974, 4½ Miles, Sungei Benjai Road, Mukim Kapar, Daerah Klang, Selangor.             | 01/07/1999 (A)          | 20     | Freehold                  | Factory/Glove manufacturing                  | Approx<br>1.7935 acres/<br>47,200 square feet<br>3,303 |
| 4)                           | Lot 5104, Jalan Teratai, Batu 5, Off Jalan Meru, 41050 Klang, Selangor.  | GM 5064, Lot 5104, 12½ Miles, Sungei Berinai Road, Mukim Kapar, Daerah Klang, Selangor.                         | 29/03/2004 (A)          | 15     | Freehold                  | Factory/Glove manufacturing                  | 3 acres/<br>54,600 square feet<br>6,509                |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|   | PARTICULARS OF PROPERTY  | DATE OF ACQUISITION(A)/ REVALUATION(R)   | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE | LAND AREA/ BUILD-UP AREA                          | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |       |
|---|--|--|-------------------------|--------|---------------------------|---|---|-------|
| 5)                                      | No.1, 3, 5, 7, 9 & 11, Jalan Abadi 10D/KU8, Taman Daya Maju, Meru, 41050 Klang, Selangor.<br><br>No.1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12, Jalan Abadi 10C/KU8, Taman Daya Maju, Meru, 41050 Klang, Selangor.<br><br>No.1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12, Jalan Abadi 10A/KU8, Taman Daya Maju, Meru, 41050 Klang, Selangor.<br><br>No.1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12, Jalan Abadi 10B/KU8, Taman Daya Maju, Meru, 41050 Klang, Selangor.<br><br>No.85, 87, 89, 91, 93 & 95, Jalan Abadi 1/KU8, Taman Daya Maju, Meru, 41050 Klang, Selangor. | HS (M) 33205 - HS (M) 33252, PT 50423 - PT 50470, Mukim Kapar, Daerah Klang, Selangor. | 12/07/2007 (A)          | 12     | Freehold                  | Terrace house/ Accommodation for staff and worker | Approx 108.85 square meter/unit                 | 6,091 |
| 6)                                      | Lot 5975, Tempat Batu 4½, Jalan Sungai Binjai, 41050 Klang, Selangor.  | GM 4437, Lot 5975, Mukim Kapar, Daerah Klang, Selangor.                                | 03/10/2008 (A)          | N/A    | Freehold                  | Vacant  | 0.0275 hectares                                 | 201   |
| 7)                                      | Lot 5105, 4½ Miles, Jalan Sungai Binjai, 41050 Klang, Selangor.  | GM 5076, Lot 5105, Mukim Kapar, Daerah Klang, Selangor.                                | 19/11/2013 (A)          | N/A    | Freehold                  | Vacant  | 4.344 acres/ 1.7579 hectares                    | 1,048 |
| <b>C) TOP GLOVE ENGINEERING SDN BHD</b> |  |  |                         |        |                           |   |   |       |
| 1)                                      | GRN 285705, Lot 213, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | GRN 285705, Lot 213, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | 18/04/1996 (A)          | N/A    | Freehold                  | Land  | 3.39 acres/13,716 square meter                  | 1,739 |
| 2)                                      | GRN 285706, Lot 214, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | GRN 285706, Lot 214, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | 18/04/1996 (A)          | N/A    | Freehold                  | Land  | 3.39 acres/13,711 square meter                  | 1,739 |
| 3)                                      | GRN 285707, Lot 215, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | GRN 285707, Lot 215, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | 18/04/1996 (A)          | N/A    | Freehold                  | Land  | 3.39 acres/13,708 square meter                  | 1,738 |
| 4)                                      | GRN 285708, Lot 216, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | GRN 285708, Lot 216, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | 12/06/2012 (A)          | N/A    | Freehold                  | Land  | 19.83 acres                                     | 8,304 |
| 5)                                      | GRN 285709, Lot 217, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | GRN 285709, Lot 217, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | 12/06/2012 (A)          | N/A    | Freehold                  | Land  | 7.91 acres                                      | 3,308 |
| 6)                                      | GRN 285710, Lot 218, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | GRN 285710, Lot 218, Seksyen 2, Pekan Bukit Changgang, Daerah Kuala Langat, Selangor.  | 12/06/2012 (A)          | N/A    | Freehold                  | Land  | 6.77 acres                                      | 2,831 |
| 7)                                      | No.13, Jalan Setia Wawasan U13/35D, Bandar Setia Alam, 40170 Shah Alam, Selangor.  | HS (D) 291299, PT 32070, Mukim Bukit Raja, Daerah Petaling, Selangor.                  | 05/01/2017 (A)          | 2      | Freehold                  | Bungalow/ Accommodation for staff                 | 397 square meter                                | 1,730 |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|   | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R)  | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE           | LAND AREA/ BUILD-UP AREA                   | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |                            |
|---|---|---|-------------------------|--------|-------------------------------------|--|---|----------------------------|
| 8)  | No.11, Jalan Setia Wawasan U13/35D, Bandar Setia Alam, 40170 Shah Alam, Selangor.                                     | HS (D) 291298, PT 32069, Mukim Bukit Raja, Daerah Petaling, Selangor.   | 05/01/2017 (A)          | 2      | Freehold                            | Bungalow/ Accommodation for staff          | 397 square meter                                | 1,738                      |
| <b>D) TOP GLOVE MEDICAL (THAILAND) CO., LTD.</b>    |   |   |                         |        |                                     |  |   |                            |
| 1)  | 188, Moo 5, Karnchanawanich Road, Tambon Samnakkham, Sadao, Songkhla 90320, Thailand.                                 | 60199, 60200, 60201 & 60202, Tambon Samnakkham, Sadao, Songkhla 90320, Thailand.                                  | 28/02/2003 (A)          | N/A    | Freehold                            | Land                                       | 15.8 acres                                      | 2,963 (Thai Baht 21,507)   |
|   |   |   | 28/02/2003 (A)          | 16     | Freehold                            | Factory/Office building                    | 9,504 square meter                              | 7,864 (Thai Baht 57,068)   |
|   |   |   | 28/02/2003 (A)          | 16     | Freehold                            | Accommodation for worker                   | 1,200 square meter                              | 1,443 (Thai Baht 10,474)   |
|   |   |   | 01/12/2011 (A)          | 7      | Freehold                            | Factory building                           | 5,134.5 square meter                            | 3,435 (Thai Baht 24,927)   |
|   |   |   | 01/12/2011 (A)          | 7      | Freehold                            | Accommodation for worker                   | 882 square meter                                | 1,366 (Thai Baht 9,913)    |
| 2)  | Title Deed No.39553, Moo.5 Pruteaw, Karnchanawanich Road, Tambon Samnakkham, Ampur Sadao, Songkhla 90320, Thailand.   | Title Deed No. 39553 Moo.5 Pruteaw Karnchanawanich Road, Tambon Samnakkham, Ampur Sadao, Songkhla 90320 Thailand. | 03/03/2005 (A)          | N/A    | Freehold                            | Pond                                       | Approx 2.8 acres                                | 786 (Thai Baht 5,702)      |
| 3)  | Nor. Sor. 3 Kor No.637 & 638, Tambon Samnakkham, Ampur Sadao, Songkhla 90320, Thailand.                               | Nor. Sor. 3 Kor No. 637 & 638, Tambon Samnakkham, Ampur Sadao, Songkhla 90320, Thailand.                          | 16/11/2010 (A)          | N/A    | Freehold                            | Land                                       | Approx 32 acres                                 | 6,776 (Thai Baht 49,178)   |
| 4)  | Title Deed No.38237 & 38236, Tambon Samnakkham, Ampur Sadao, Songkhla 90320, Thailand.                                | Title Deed No. 38237 & 38236, Tambon Samnakkham, Ampur Sadao, Songkhla 90320, Thailand.                           | 01/12/2016 (A)          | N/A    | Freehold                            | Land                                       | Approx 21 acres                                 | 7,207 (Thai Baht 52,305)   |
| <b>E) TG MEDICAL (U.S.A.), INC.</b>                 |   |   |                         |        |                                     |  |   |                            |
| 1)  | 165 - 167 North Aspan, Avenue, Azusa, CA 91702, USA.  | Assessor's ID #8615 018 010   | 31/03/2005 (A)          | 14     | Freehold                            | Warehouse/ Office building                 | 25,878 square feet                              | 8,632 (USD 2,045)          |
| 2)  | 153 - 155 North Aspan, Avenue, Azusa, CA 91702, USA.  | Assessor's ID #8615 018 011   | 31/07/2013 (A)          | 6      | Freehold                            | Warehouse/ Office building                 | 25,950 square feet                              | 12,139 (USD 2,875)         |
| <b>F) TOP GLOVE TECHNOLOGY (THAILAND) CO., LTD.</b> |   |   |                         |        |                                     |  |   |                            |
| 1)  | 188, Moo 5, Tambol Pangla, Ampur Sadao, Songkhla 90170, Thailand.   | Channod No.52538, 52539 & 52540, Tambol Pangla, Ampur Sadao, Songkhla, Thailand.                                  | 23/02/2006 (A)          | 13     | Freehold                            | Factory/Office building                    | Approx 40.4 acres/47,816.68 square meter        | 18,622 (Thai Baht 135,146) |
| <b>G) GREAT GLOVE (XING HUA) CO., LTD.</b>          |   |   |                         |        |                                     |  |   |                            |
| 1)  | South Wei Wu Lu, Xinghua Economic Development Region, Xinghua City, Jiangsu Province, China.                          | South Wei Wu Lu, Zhao Yang Zheng, Xinghua City, China.  | 13/10/2005 (A)          | 13     | Leasehold (Expiring on: Sept 2056)  | Factory/ Office building, Industrial usage | 112,234.48 square meter/ 30,646.96 square meter | 13,949 (RMB 23,626)        |
| 2)  | No.20, Tian Shui Yuan Tian Shui Hua Ting, Xinghua Economic Development Region, Xinghua City, Jiangsu Province, China. | South Wei Wu Lu, Zhao Yang Zheng, Xinghua City, China.  | 31/07/2007 (A)          | 12     | Leasehold (Expiring on: 15.01.2074) | Accommodation for staff                    | 153.1 square meter/ 342.23 square meter         | 394 (RMB 667)              |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|                                     | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R)  | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE           | LAND AREA/ BUILD-UP AREA   | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000)    |                             |
|-------------------------------------|---|---|-------------------------|--------|-------------------------------------|----------------------------|--|-----------------------------|
| <b>H) B TECH INDUSTRY CO., LTD.</b> |   |   |                         |        |                                     |                            |  |                             |
| 1)                                  | 268 M.5 T. Kambangphet A,Rattaphum, Songkhla 90180, Thailand.                     | 1. Nor Sor 3 Kor No. 2361<br>2. Nor Sor 4 Jor No. 5943<br>3. Nor Sor 4 Jor No. 5944   | 01/08/2006(A)           | 13     | Freehold                            | Factory/Office building    | Approx 44,718 square meter/<br>8,754 square meter  | 6,909<br>(Thai Baht 50,137) |
|                                     |   | 4. Nor Sor 4 Jor No. 5947<br>5. Nor Sor 4 Jor No. 5948<br>6. Nor Sor 4 Jor No. 5949<br>7. Nor Sor 4 Jor No. 5950<br>8. Nor Sor 4 Jor No. 5951 | 21/08/2009 (A)          | 10     | Freehold                            | Waste water pond           | Approx 18.64 acres                                 |                             |
| <b>I) FLEXITECH SDN BHD</b>         |   |   |                         |        |                                     |                            |  |                             |
| 1)                                  | Lot 127, Jalan 6, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor. | HS (M) 5735, PT 4065, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor.                                    | 15/09/2005 (A)          | 13     | Leasehold (Expiring on: 26.09.2087) | Accommodation for worker   | Approx 11,916 square meter/<br>6,826 square meter  | 3,435                       |
| 2)                                  | Lot 128, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor. | HS (M) 5719, PT 4049, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor.                                    | 02/08/2005 (A)          | 14     | Leasehold (Expiring on: 26.09.2087) | Production/ Warehouse      | Approx 11,916 square meter/<br>6,183 square meter  | 9,861                       |
| 3)                                  | Lot 124, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor. | HS (M) 5721, PT 4051, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor.                                    | 08/01/2009 (A)          | 10     | Leasehold (Expiring on: 26.09.2087) | Production/Office building | Approx 11,966 square meter/<br>10,172 square meter | 4,961                       |
| 4)                                  | Lot 126, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor. | HS (M) 5720, PT 4050, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor.                                    | 08/01/2009 (A)          | 10     | Leasehold (Expiring on: 26.09.2087) | Production/Office building | Approx 11,966 square meter/<br>6,813 square meter  | 4,877                       |
| 5)                                  | No.11, Jalan Emas 28, Bandar Sungai Emas, 42700 Banting, Selangor.                | GRN 108819, Lot 630, Seksyen 5, Pekan Sungai Manggis, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.                                 | 29/04/2013(A)           | 6      | Freehold                            | Accommodation for staff    | Approx 130 square meter                            | 201                         |
| 6)                                  | No.7, Jalan Emas 28, Bandar Sungai Emas, 42700 Banting, Selangor.                 | GRN 108817, Lot 628, Seksyen 5, Pekan Sungai Manggis, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.                                 | 19/06/2013(A)           | 6      | Freehold                            | Accommodation for staff    | Approx 130 square meter                            | 212                         |
| <b>J) TOP QUALITY GLOVE SDN BHD</b> |   |   |                         |        |                                     |                            |  |                             |
| 1)                                  | Lot 2604, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.                 | GRN 47717, Lot 2604, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.  | 25/01/2013 (A)          | N/A    | Freehold                            | Land                       | Approx 1.9526 hectares/4 acres<br>3 rood 12.0 pole | 2,040                       |
| 2)                                  | Lot 2605, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.                 | GRN 47718, Lot 2605, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.  | 25/01/2013 (A)          | N/A    | Freehold                            | Land                       | Approx 2.031 hectares/5 acres<br>0 rood 03.0 pole  | 2,122                       |
| 3)                                  | Lot 2615, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.                 | GRN 47724, Lot 2615, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.  | 25/01/2013 (A)          | N/A    | Freehold                            | Land                       | Approx 1.7376 hectares/4 acres<br>1 rood 07.0 pole | 1,815                       |
| 4)                                  | Lot 2616, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.                 | GRN 47725, Lot 2616, Mukim Tanjong Dua Belas, Daerah Kuala Langat, Selangor.  | 25/01/2013 (A)          | N/A    | Freehold                            | Land                       | Approx 2.0942 hectares/5 acres<br>0 rood 28.0 pole | 2,188                       |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|                                | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R)   | AGE OF BUILDING (YEARS)          | TENURE     | DESCRIPTION/ EXISTING USE | LAND AREA/ BUILD-UP AREA    | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000)  |
|--------------------------------|---|--|----------------------------------|------------|---------------------------|-----------------------------|--|
| 5)                             | Lot 4961, Tempat Batu 5, Jalan Binjai, 41050 Klang, Selangor.                               | GM 525, Lot 4961, Mukim Kapar, Daerah Klang, Selangor.                                     | 31/07/2013 (A)                   | 6          | Freehold                  | Factory/Glove manufacturing | 39,923 square feet<br>6,197  |
| 6)                             | Lot 5135, Jalan Dahlia, Off Jalan Meru, 41050 Klang, Selangor.                              | GM 5061, Lot 5135, Mukim Kapar, Daerah Klang, Selangor.                                    | 10/07/2014 (A)                   | N/A        | Freehold                  | Vacant                      | Approx 4.656 acres/<br>202,827 square feet<br>13,462   |
| 7)                             | Lot 5144, 6 <sup>th</sup> Miles, Sungai Binjai Road, 41050 Klang, Selangor.                 | GM 2306, Lot 5144, Mukim Kapar, Daerah Klang, Selangor.                                    | 28/12/2016 (A)                   | N/A        | Freehold                  | Factory                     | Approx<br>202,824.364<br>square feet<br>17,360   |
| 8)                             | Lot 5145, 6 <sup>th</sup> Miles, Sungai Binjai Road, 41050 Klang, Selangor.                 | GM 5605, Lot 5145, Mukim Kapar, Daerah Klang, Selangor.                                    | 28/12/2016 (A)                   | N/A        | Freehold                  | Vacant                      | Approx<br>201,468.099<br>square feet<br>16,742   |
| 9)                             | Lot 4977 & 4978, Jalan Dahlia, Off Jalan Meru, 41050 Klang, Selangor.                       | HS (M) 40486, PT 67437, Lot 4977 & 4978, Mukim Kapar, Daerah Klang, Selangor.              | 01/12/2016 (A)<br>01/12/2016 (A) | N/A<br>2   | Freehold<br>Freehold      | Land<br>Factory/Building    | 5.45 acres/<br>2.21 hectares<br>Double storey office building<br>8,874 square feet with 2 single storey warehouse<br>83,087 square feet<br>18,526<br>6,960 |
| 10)                            | Lot 6472, Lorong Sg Puloh / KU6, Kawasan Perindustrian Sungai Puloh, 42100 Klang, Selangor. | GM 52371, Lot 6472, Mukim Kapar, Daerah Klang, Selangor.                                   | 10/07/2018 (A)                   | 1          | Freehold                  | Factory                     | Approx 34,499 square meter<br>61,804   |
| 11)                            | Lot 5054, Jalan Kenangan KU8, Meru, 41050 Klang, Selangor.                                  | GM 2642, Lot 5054, Mukim Kapar, Daerah Klang, Selangor.                                    | 11/07/2017 (A)                   | N/A        | Freehold                  | Vacant                      | Approx 12,267 square meter<br>10,888   |
| 12)                            | Lot 5133, Jalan Dahlia, Off Jalan Meru, 41050 Klang, Selangor.                              | GM 6046, Lot 5133, Mukim Kapar, Daerah Klang, Selangor.                                    | 03/04/2017 (A)                   | N/A        | Freehold                  | Vacant                      | Approx 1.897 hectares<br>14,720  |
| 13)                            | Lot 5057, Jalan Kenangan KU8, Meru, 41050 Klang, Selangor.                                  | GM 5276, Lot 5057, Mukim Kapar, Daerah Klang, Selangor.                                    | 15/09/2017 (A)                   | N/A        | Freehold                  | Vacant                      | Approx 1.2267 hectares<br>10,887   |
| 14)                            | Lot 5049 & 5050, Off Jalan Bunga raya, 5 1/2 Mile Jalan Meru 41050 Klang, Selangor.         | Geran Mukim 277, Lot 5049, Geran Mukim 149, Lot 5050, Mukim Kapar, Daerah Klang, Selangor. | 11/04/2018 (A)<br>11/04/2018 (A) | N/A<br>N/A | Freehold<br>Freehold      | Land<br>Factory/Building    | 2.091 hectares<br>119,353.58 square feet<br>18,720<br>12,544   |
| 15)                            | Lot 4981 & 4982, Jalan Dahlia/KU8, Kawasan Perindustrian Meru Timur, 41050 Klang, Selangor. | GM 5117, Lot 4981, GM 4325, Lot 4982, Mukim Kapar, Daerah Klang, Selangor.                 | 06/05/2019 (A)                   | N/A        | Freehold                  | Factory                     | 9,609 square meter<br>38,179   |
| <b>K) GMP MEDICARE SDN BHD</b> |   |  |                                  |            |                           |                             |  |
| 1)                             | Lot 4991, Jalan Bunga Raya, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor.                 | HS (M) 39325, PT 64593, Mukim Kapar, Daerah Klang, Selangor.                               | 01/08/2013 (A)                   | 6          | Freehold                  | Factory/Glove manufacturing | 75,669 square feet<br>9,805  |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|  | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R)  | AGE OF BUILDING (YEARS) | TENURE                                   | DESCRIPTION/ EXISTING USE           | LAND AREA/ BUILD-UP AREA  | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000)      |         |
|--|---|---|-------------------------|--|-------------------------------------|---|--|---------|
| 2)                                     | Lot 2431, Mukim Port Dickson, Sendayan, 71100 Siliu, Port Dickson, Negeri Sembilan.                               | Lot 11558, (Baki Lot 2431, PA 50813) Mukim Port Dickson, Daerah Port Dickson, Negeri Sembilan.    | 06/12/2012 (A)          | Phase 1 - 25 years<br>Phase 2 - 18 years | Freehold                            | Factory/Glove manufacturing   | 16.7 acres/22,000 square meter                       | 24,856  |
| 3)                                     | Lot 4985, Tempat Batu 5, Jalan Sungai Binjai, 41050 Klang, Selangor.  | GM 2321, Lot 4985, Mukim Kapar, Daerah Klang, Selangor.   | 18/06/2010 (A)          | 9  | Freehold                            | Factory/Glove manufacturing   | 3 acres  | 10,017  |
| 4)                                     | Lot 3726, Kawasan Perindustrian Nilai, Mukim Setul, Daerah Seremban, 71800 Nilai, Negeri Sembilan.                | GRN 164813, Lot 8196, Mukim Setul, Daerah Seremban, Negeri Sembilan.                              | 14/08/2017 (A)          | N/A                                      | Freehold                            | Land  | Approx 4.326 acres                                   | 19,752  |
| 5)                                     | Lot 3726, Kawasan Perindustrian Nilai, Mukim Setul, Daerah Seremban, 71800 Nilai, Negeri Sembilan.                | Lot 3726, Kawasan Perindustrian Nilai, Mukim Setul Daerah Seremban, 71800 Nilai, Negeri Sembilan. | 14/08/2017 (A)          | 2  | Freehold                            | Factory/Glove manufacturing   | Approx 14,256 square meter/153,450 square meter      | 6,260   |
| <b>L) TOP GLOVE PROPERTIES SDN BHD</b> |   |   |                         |  |                                     |   |  |         |
| 1)                                     | No.16, Persiaran Setia Dagang, Bandar Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor.                         | HS (D) 277347, PT 29363, Mukim Bukit Raja, Daerah Petaling, Selangor.                             | 21/09/2011 (A)          | 7  | Freehold                            | Office Tower  | 2 acres  | 163,900 |
| 2)                                     | No.18, Persiaran Setia Dagang, Bandar Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor.                         | HS (D) 293019, PT 32307, Mukim Bukit Raja, Daerah Petaling, Selangor.                             | 07/05/2015 (A)          | N/A                                      | Freehold                            | Vacant  | 6,070.30 square meter                                | 20,877  |
| <b>M) PT AGRO PRATAMA SEJAHTERA</b>    |   |   |                         |  |                                     |   |  |         |
| 1)                                     | The City Tower, 12 <sup>th</sup> Floor 1N, JL MH Thamrin No.81, Jakarta Pusat 10310, Indonesia.                   | Bangka Belitung Province  | 01/10/2012 (A)          | 6  | Leasehold (Expiring on: 18.03.2071) | Industrial Forest Plantation Including Planting and Tapping of Rubber Trees | 30,773 hectares                                      | 21,648  |
| <b>N) TG PORCELAIN SDN BHD</b>         |   |   |                         |  |                                     |   |  |         |
| 1)                                     | Lot 4946, Jalan Teratai, Batu 6, Off Jalan Meru, 41050 Klang, Selangor.   | Lot 4946, Jalan Teratai, Batu 6, Off Jalan Meru, 41050 Klang, Selangor.                           | 01/05/2018 (A)          | 1  | Freehold                            | Factory/Former Manufacturing  | 52,513.14 square feet                                | 6,416   |
| <b>O) ASPION GROUP</b>                 |   |   |                         |  |                                     |   |  |         |
| 1)                                     | Lot E4(3) [PT 4093], No. 2, Jalan 8, Kawasan Perindustrian Pengkalan Chepa II, 16100 Kota Bharu, Kelantan.        | Lot No 5052, Mukim Panchor, Daerah Kota Bharu, Kelantan.  | 05/04/2018 (A)          | N/A                                      | Leasehold (Expiring on: 15.02.2063) | Land  | 2.184 hectares                                       | 5,014   |
|  |   |   | 05/04/2018 (A)          | 14                                       |                                     | Factory/Office  | 9,496.09 square meter                                | 8,181   |
| 2)                                     | PLO 9 & 18, Jalan Mahsuri 1, 7.5km, Jalan Mersing, Kawasan Perindustrian Kluang, 86007 Kluang, Johor.             | PTD 84462, Mukim Kluang, Daerah Kluang, Johor.  | 05/04/2018 (A)          | N/A                                      | Leasehold (Expiring on: 28.08.2053) | Land  | 2.2781 hectares                                      | 2,952   |
|  |   |   | 05/04/2018 (A)          | 8  |                                     | Factory Building  | 12,225.98 square meter                               | 9,744   |
| 3)                                     | Lot E4(4) [PT 4094], Jalan 8, Kawasan Perindustrian Pengkalan Chepa II, 16100 Kota Bharu, Kelantan.               | Lot No 5053, Mukim Panchor, Daerah Kota Bharu, Kelantan.  | 05/04/2018 (A)          | N/A                                      | Leasehold (Expiring on: 15.02.2063) | Land  | 2.341 hectares                                       | 5,373   |
|  |   |   | 05/04/2018 (A)          | 11                                       |                                     | Factory Building  | 14,604.21 square meter                               | 8,601   |
| 4)                                     | Lot E4(6) & Lot E4(7), [PT 4092 & PT 4091], Kawasan Perindustrian Pengkalan Chepa II, 16100 Kota Bharu, Kelantan. | Lot No 5050, 5051, Mukim Panchor, Daerah Kota Bharu, Kelantan.                                    | 05/04/2018 (A)          | N/A                                      | Leasehold (Expiring on: 15.02.2063) | Land/Biomass plant  | Lot 5050: 2.640 hectares<br>Lot 5051: 2.366 hectares | 11,156  |
|  |   |   | 05/04/2018 (A)          | 13                                       |                                     | Factory/Warehouse   | 10,546.36 square meter                               | 6,220   |
|  |   |   | 05/04/2018 (A)          | 5  | Freehold                            | Office building/Warehouse   | 2.64 hectares  | 5,377   |

# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|  | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R)   | AGE OF BUILDING (YEARS) | TENURE | DESCRIPTION/ EXISTING USE           | LAND AREA/ BUILD-UP AREA   | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |                          |
|--|---|--|-------------------------|--------|-------------------------------------|----------------------------|---|--------------------------|
| 5)   | PLO 5, Jalan Mahsuri 1, KM 7.5, Jalan Mersing, Kawasan Perindustrian Kluang, 86007 Kluang, Johor. | Lot PTD 38818, No. HS(D) 23914, Mukim of Kluang, Daerah Kluang, Johor .            | 05/04/2018 (A)          | N/A    | Leasehold (Expiring on: 01.10.2049) | Land                       | 3 acres   | 1,625                    |
|  |   |  |                         |        |                                     |                            |   | 31                       |
| 6)   | PLO 5, Jalan Mahsuri 1, KM 7.5, Jalan Mersing, Kawasan Perindustrian Kluang, 86007 Kluang, Johor. | Lot PTD 26427, No. HS(D) 25436, Mukim of Kluang, Daerah Kluang, Johor.             | 05/04/2018 (A)          | N/A    | Leasehold (Expiring on: 07.11.2050) | Land                       | 3.206 acres                                     | 1,281                    |
|  |   |  |                         |        |                                     |                            |   | 12                       |
| 7)   | Lot 366, GM 2547, Mukim of Kluang, Daerah Kluang, Johor.  | GM 2547, Mukim of Kluang, Daerah Kluang, Johor.                                    | 05/04/2018 (A)          | N/A    | Freehold                            | Agricultural land          | 1.467 hectares                                  | 363                      |
| 8)   | Lot 7, Jalan Hi Tech 12, Kulim Hi Tech Park (Phase 3), 09090 Kulim, Kedah.                        | Lot 7 (PT 2487), Kulim Hi-Tech Park, Bandar Kulim, Daerah Kulim, Kedah Darul Aman. | 05/04/2018 (A)          | N/A    | Freehold                            | Land                       | 2,252,052 square feet                           | 45,793                   |
|  |   |  |                         |        |                                     |                            |   | 6                        |
| 9)   | Rua Ricardo Georg, No 1.115 Itoupava Central - CEP 89.069-100 Blumenau - Santa Catarina, Brasil.  | CEP 89.069-100 Blumenau - Santa Catarina, Brasil.                                  | 05/04/2018 (A)          | 6      | Leasehold (Expiring on: 14.07.2023) | Office building, Warehouse | 1,300 square meter                              | 31 (BRL 31)              |
| <b>P) DURAMEDICAL SDN BHD</b>              |   |  |                         |        |                                     |                            |   |                          |
| 1)   | No. 39 Jalan Utarid U5/27, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor.        | PN 18556 Lot No.41047, Mukim of Sungai Buloh, Petaling, Selangor.                  | 14/05/2018 (A)          | 9      | Leasehold (Expiring on: 11.12.2096) | Land shop                  | 279 square meter                                | 506                      |
| <b>Q) GREAT GLOVE (THAILAND) CO., LTD.</b> |   |  |                         |        |                                     |                            |   |                          |
| 1)   | 180/3 Moo.7, Srisonthon Rd., T.Srisonthon, A.Thalang, Phuket 83110 Thailand.                      | 180/3 Moo.7, Srisonthon Rd., T.Srisonthon, A.Thalang, Phuket 83110 Thailand.       | 28/02/2006 (A)          | 13     | Freehold                            | Building Block A           | 3,832 square meter                              | 4,023 (Thai Baht 29,194) |
|  |   |  |                         |        |                                     |                            |   | 01/10/2016 (A)           |
| <b>R) TG FMT SDN BHD</b>                   |   |  |                         |        |                                     |                            |   |                          |
| 1)   | Lot 4987, Jalan Bunga Raya, Batu 6 Off Jalan Meru, 41050 Klang, Selangor.                         | Block B, Lot 4987, Jalan Bunga Raya, Batu 6 Off Jalan Meru, 41050 Klang, Selangor. | 01/06/2017 (A)          | 2      | Freehold                            | Building                   | 24,400 square feet                              | 3,975                    |
| <b>S) EASTERN PRESS SDN BHD</b>            |   |  |                         |        |                                     |                            |   |                          |
| 1)   | Lot 1, Jalan Paku 16/6, 40000 Shah Alam, Selangor.  | HS (D) 167430 Lot 1, Mukim Damansara, Petaling Jaya, Selangor.                     | 05/01/2018 (A)          | 5      | Leasehold (Expiring on: 03.04.2068) | Production use             | 3,121.44 square meter                           | 4,007                    |
| 2)   | Lot 3, Jalan Paku 16/6, 40000 Shah Alam, Selangor.  | Q.T. R. 4248 L.O.No Lot 3, Jalan Paku 2/6, Mukim Damansara, District Klang.        | 05/01/2018 (A)          | 29     | Leasehold (Expiring on: 03.04.2068) | Production use             | 1,774.39 square meter                           | 4,726                    |
| 3)   | Lot 5, Jalan Paku 16/6, 40000 Shah Alam, Selangor.  | Kawasan Kilang Berderet Seksyen 16, Shah Alam, Selangor.                           | 05/01/2018 (A)          | 32     | Leasehold (Expiring on: 03.04.2068) | Production use             | 1,774.39 square meter                           | 3,730                    |
| 4)   | Lot 7, Jalan Paku 16/6, 40000 Shah Alam, Selangor.  | HS (D) 308675, Lot 7, Mukim Damansara, Daerah Petaling Selangor.                   | 21/12/2018 (A)          | N/A    | Leasehold (Expiring on: 03.04.2068) | Production use             | 1,774.39 square meter                           | 3,381                    |
| 5)   | Lot 9, Jalan Paku 16/6, 40000 Shah Alam, Selangor.  | HS (D) 167468, No 9, Mukim Damansara, Daerah Petaling Selangor.                    | 30/08/2018 (A)          | 1      | Leasehold (Expiring on: 03.04.2068) | Production use             | 1,774.39 square meter                           | 2,854                    |



# LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONT'D)

|   | PARTICULARS OF PROPERTY   | DATE OF ACQUISITION(A)/ REVALUATION(R)  | AGE OF BUILDING (YEARS) | TENURE   | DESCRIPTION/ EXISTING USE            | LAND AREA/ BUILD-UP AREA   | AUDITED NET BOOK VALUE AS AT 31.8.2019 (RM'000) |
|---|---|---|-------------------------|----------|--------------------------------------|--|---|
| 6)  | Lot 11, Jalan Paku 16/6, 40000 Shah Alam, Selangor.   | HS (D) 79920, No 11, Mukim Damansara, Daerah Petaling Selangor.   | 08/05/2019 (A)          | N/A      | Leasehold (Expiring on: 15.01.2068)  | Production use<br>1,774.39 square meter  | 2,827   |
| 7)  | Lot 13 & Lot 15, Jalan Paku 2/6, 40000 Shah Alam, Selangor.   | Q.T. R. 4253 & 4254, Jalan Paku 2/6, Mukim of Damansara, District Klang.                                    | 05/01/2018 (A)          | 23<br>23 | Leasehold (Expiring on: 15.01.2068)  | Production use<br>Production use<br>Lot 13: 2,707.41 square meter<br>Lot 15: 2,856.16 square meter | 7,372   |
| 8)  | Unit B2-602 Block 2, Pangsapuri Anggerik Indah, Jalan Sempadan 16/7, Seksyen 16, 40200 Shah Alam, Selangor. | Lot 10970, Section 16, Shah Alam / Petaling / Pajakan Negeri 110147 Apartment.                              | 05/01/2018 (A)          | 21       | Leasehold (Expiring on: 01.03.2099)  | Workers apartment<br>823 square feet   | 61  |
| 9)  | Unit B2-604 Block 2, Pangsapuri Anggerik Indah, Jalan Sempadan 16/7, Seksyen 16, 40200 Shah Alam, Selangor. | Lot 10970, Section 16, Shah Alam / Petaling / Pajakan Negeri 110147 Apartment.                              | 05/01/2018 (A)          | 21       | Leasehold (Expiring on: 01.03.2099)  | Workers apartment<br>740 square feet   | 68  |
| 10)   | Unit 7-10-1 Suria Avenue, Lot 1, Jalan Dawai 16/2, Seksyen 16, 40200 Shah Alam, Selangor.                   | Lot 745, Section 16, Shah Alam / Petaling / Pajakan Negeri 24691/M1/10/145 Apartment.                       | 21/02/2019 (A)          | N/A      | Leasehold (Expiring on: (22.01.2072) | Workers apartment<br>893 square feet   | 283   |
| 11)   | Unit 9-10-1, Suria Avenue, Lot 1, Jalan Dawai 16/2, Seksyen 16, 40200 Shah Alam, Selangor.                  | Lot 745, Section 16, Shah Alam / Petaling / Pajakan Negeri 24691/M1/10/145 Apartment.                       | 21/02/2019 (A)          | N/A      | Leasehold (Expiring on: (22.01.2072) | Workers apartment<br>1023 square feet  | 283   |
| <b>T) TOP GLOVE VIETNAM COMPANY LIMITED</b> |   |   |                         |          |                                      |  |   |
| 1)  | Land Lot A_8B_CN, Bau Bang Industrial Park, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam. | Land Lot A_8B_CN, Bau Bang Industrial Park, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam. | 07/05/2018              | 1        | Leasehold (Expiring on: 20.06.2057)  | Production Office Warehouse<br>218,212 square meter  | 45,970 (VND)<br>252,580,390                     |

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 OCTOBER 2019

## Share Capital

Total Issued Share : 2,560,589,348 Ordinary Shares (including 775,600 Treasury Shares)  
Types of Shares : Ordinary Share  
Voting Rights : One (1) vote per Ordinary Share on a poll

## 1. DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings  | No. of Holders <sup>^</sup> | % <sup>^</sup> | No. of Holdings <sup>^</sup> | % <sup>^</sup> |
|---|-----------------------------|----------------|------------------------------|----------------|
| 1 to 99   | 208                         | 0.74           | 3,852                        | 0.00           |
| 100 to 1,000  | 8,969                       | 31.88          | 6,080,597                    | 0.24           |
| 1,001 to 10,000   | 14,783                      | 52.55          | 60,196,642                   | 2.35           |
| 10,001 to 100,000   | 3,377                       | 12.00          | 95,749,482                   | 3.74           |
| 100,001 to 127,990,686<br>(less than 5% of Issued Shares) | 792                         | 2.82           | 2,231,430,453                | 87.17          |
| 127,990,687<br>(5% of Issued Shares) and above            | 1                           | 0.00           | 166,352,722                  | 6.50           |
| <b>Total</b>  | <b>28,130</b>               | <b>100.00</b>  | <b>2,559,813,748</b>         | <b>100.00</b>  |

Note:

<sup>^</sup> Excluding Treasury Shares

## 2. SUBSTANTIAL SHAREHOLDERS

The Substantial Shareholders of the Company based on the Register of Substantial Shareholders of the Company and their respective shareholdings are as follows:

| No. | Name of Substantial Shareholders | No. of Ordinary Shares Held |                |                |                |
|-----|----------------------------------|-----------------------------|----------------|----------------|----------------|
|     |                                  | Direct                      | % <sup>^</sup> | Indirect       | % <sup>^</sup> |
| 1.  | Tan Sri Dr <u>Lim</u> Wee Chai   | 686,050,552                 | 26.801         | 230,293,216*   | 8.996          |
| 2.  | Puan Sri Tong Siew Bee           | 7,230,392                   | 0.282          | 909,113,376**  | 35.515         |
| 3.  | Lim Hooi Sin                     | 39,413,648                  | 1.540          | 876,896,120*** | 34.256         |
| 4.  | Lim Jin Feng                     | 34,000                      | 0.001          | 876,896,120*** | 34.256         |
| 5.  | Firstway United Corp             | 183,615,176                 | 7.173          | -              | -              |
| 6.  | Employees Provident Fund Board   | 196,065,222                 | 7.659          | -              | -              |

Note:

<sup>^</sup> Calculated based on 2,559,813,748 Ordinary Shares (issued share capital of 2,560,589,348 Ordinary Shares less Treasury Shares of 775,600)

\* Deemed interested through Puan Sri Tong Siew Bee, Mr. Lim Hooi Sin, Mr. Lim Jin Feng and Firstway United Corp's direct interest in Top Glove

\*\* Deemed interested through Tan Sri Dr Lim Wee Chai, Mr. Lim Hooi Sin, Mr. Lim Jin Feng and Firstway United Corp's direct interest in Top Glove

\*\*\* Deemed interested through Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and their direct interest in Firstway United Corp

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 OCTOBER 2019 (CONT'D)

## 3. DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of Top Glove based on the Register of Directors' Shareholdings and/or Record of Depositors are as follows:

| No. | Name of Directors              | No. of Ordinary Shares Held |                |                 |                |
|-----|--------------------------------|-----------------------------|----------------|-----------------|----------------|
|     |                                | Direct                      | % <sup>^</sup> | Indirect        | % <sup>^</sup> |
| 1.  | Tan Sri Dr <u>Lim</u> Wee Chai | 686,050,552                 | 26.801         | 230,293,216*    | 8.996          |
| 2.  | Dato' Lee Kim Meow             | 982,200                     | 0.038          | 40,000**        | 0.002          |
| 3.  | Puan Sri Tong Siew Bee         | 7,230,392                   | 0.282          | 909,113,376***  | 35.515         |
| 4.  | Lim Hooi Sin                   | 39,413,648                  | 1.540          | 876,896,120**** | 34.256         |
| 5.  | Lim Cheong Guan                | 297,600                     | 0.012          | -               | -              |
| 6.  | Dato' Lim Han Boon             | 50,000                      | 0.002          | -               | -              |
| 7.  | Tan Sri Rainer Althoff         | 1,500                       | 0.000          | -               | -              |
| 8.  | Datuk Noripah Kamso            | -                           | -              | -               | -              |
| 9.  | Sharmila Sekarajasekaran       | 10,010,000                  | 0.391          | 200,000*****    | 0.008          |
| 10. | Tay Seong Chee, Simon          | -                           | -              | -               | -              |
| 11. | Datuk Dr. Norma Mansor         | -                           | -              | 4,000*****      | 0.000          |
| 12. | Azrina Arshad                  | -                           | -              | -               | -              |

Note:

<sup>^</sup> Calculated based on 2,559,813,748 Ordinary Shares (issued share capital of 2,560,589,348 Ordinary Shares less Treasury Shares of 775,600)

\* Deemed interested through Puan Sri Tong Siew Bee, Mr. Lim Hooi Sin, Mr. Lim Jin Feng and Firstway United Corp's direct interest in Top Glove

\*\* Deemed interested through his wife, Madam Chung Lee Moy

\*\*\* Deemed interested through Tan Sri Dr Lim Wee Chai, Mr. Lim Hooi Sin, Mr. Lim Jin Feng and Firstway United Corp's direct interest in Top Glove

\*\*\*\* Deemed interested through Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and their direct interest in Firstway United Corp

\*\*\*\*\* Deemed interested by virtue of her direct interest in Trinity Worldwide Holdings Limited

\*\*\*\*\* Deemed interested through her husband, Shamsuddin Ali Hussin

The Directors' Share Options held under the Employees' Share Option Scheme of the Company based on the Register of Directors' Shareholding are as follows:

| No. | Name of Directors              | No. of Options Held |              |
|-----|--------------------------------|---------------------|--------------|
|     |                                | Direct              | Indirect     |
| 1.  | Tan Sri Dr <u>Lim</u> Wee Chai | 1,393,400           | 808,600*     |
| 2.  | Dato' Lee Kim Meow             | 437,000             | -            |
| 3.  | Puan Sri Tong Siew Bee         | 73,600              | 2,128,400**  |
| 4.  | Lim Hooi Sin                   | 655,700             | 1,467,000*** |
| 5.  | Lim Cheong Guan                | 521,900             | -            |
| 6.  | Dato' Lim Han Boon             | -                   | -            |
| 7.  | Tan Sri Rainer Althoff         | -                   | -            |
| 8.  | Datuk Noripah Binti Kamso      | -                   | -            |
| 9.  | Sharmila Sekarajasekaran       | -                   | -            |
| 10. | Tay Seong Chee, Simon          | -                   | -            |
| 11. | Datuk Dr. Norma Mansor         | -                   | -            |
| 12. | Azrina Arshad                  | -                   | -            |

Note:

\* Deemed interested through Puan Sri Tong Siew Bee, Mr. Lim Hooi Sin and Mr. Lim Jin Feng's options held in Top Glove

\*\* Deemed interested through Tan Sri Dr Lim Wee Chai, Mr. Lim Hooi Sin and Mr. Lim Jin Feng's options held in Top Glove

\*\*\* Deemed interested through Tan Sri Dr Lim Wee Chai and Puan Sri Tong Siew Bee's options held in Top Glove

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 OCTOBER 2019 (CONT'D)

## 4. THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS

| No. | Names  | Shareholdings        | % <sup>^</sup> |
|-----|--|----------------------|----------------|
| 1.  | Citigroup Nominees (Tempatan) Sdn. Bhd.<br>- Employees Provident Fund Board  | 166,352,722          | 6.50           |
| 2.  | Kumpulan Wang Persaraan (Diperbadankan)  | 97,177,900           | 3.80           |
| 3.  | Citigroup Nominees (Tempatan) Sdn. Bhd.<br>- Bank of Singapore Limited for Tan Sri Dr <u>Lim</u> Wee Chai                                    | 90,600,000           | 3.54           |
| 4.  | Citigroup Nominees (Asing) Sdn. Bhd.<br>- Exempt an for the Central Depository (Pte) Limited   | 78,233,900           | 3.06           |
| 5.  | RHB Capital Nominees (Tempatan) Sdn. Bhd.<br>- Pledged securities account for Tan Sri Dr <u>Lim</u> Wee Chai                                 | 77,000,000           | 3.01           |
| 6.  | UOBM Nominees (Tempatan) Sdn. Bhd.<br>- United Overseas Bank Nominees (Pte) Ltd for Tan Sri Dr <u>Lim</u> Wee Chai                           | 76,000,000           | 2.97           |
| 7.  | Public Nominees (Tempatan) Sdn. Bhd.<br>- Pledged securities account for Tan Sri Dr <u>Lim</u> Wee Chai (KLG)                                | 62,500,000           | 2.44           |
| 8.  | Cartaban Nominees (Tempatan) Sdn. Bhd.<br>- Standard Chartered Bank Singapore Branch (Private Bank)<br>for Tan Sri Dr <u>Lim</u> Wee Chai    | 56,000,000           | 2.19           |
| 9.  | Citigroup Nominees (Asing) Sdn. Bhd.<br>- Exempt an for UBS AG Singapore (Foreign)   | 55,010,000           | 2.15           |
| 10. | CIMB Group Nominees (Tempatan) Sdn. Bhd.<br>- Pledged securities account - DBS Bank Ltd<br>for Tan Sri Dr <u>Lim</u> Wee Chai (SG1400360353) | 50,000,000           | 1.95           |
| 11. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>- Maybank Trustees Berhad for Public Regular Savings Fund<br>(N14011940100)                         | 46,742,100           | 1.83           |
| 12. | MFP Capital Corporation  | 44,900,000           | 1.75           |
| 13. | RHB Capital Nominees (Asing) Sdn. Bhd.<br>- Pledged securities account for Firstway United Corp (RHB Bank (L) Ltd)                           | 44,000,000           | 1.72           |
| 14. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>- CIMB Bank for Tan Sri Dr <u>Lim</u> Wee Chai (PBCL-0G0025)   | 43,780,000           | 1.71           |
| 15. | DB (Malaysia) Nominee (Asing) Sdn. Bhd.<br>- State Street Australia Fund Remi for Retail Employees Superannuation Trust                      | 40,532,280           | 1.58           |
| 16. | HSBC Nominees (Tempatan) Sdn. Bhd.<br>- Pledged securities account - HBAP SG for Tan Sri Dr <u>Lim</u> Wee Chai<br>(PB-SGDIV)                | 38,000,000           | 1.48           |
| 17. | CIMSEC Nominees (Asing) Sdn. Bhd.<br>- CIMB Bank for Firstway United Corp (PBCL-0G0152)  | 36,615,176           | 1.43           |
| 18. | Citigroup Nominees (Asing) Sdn. Bhd.<br>- Exempt an for Bank of Singapore Limited (Foreign)  | 34,182,000           | 1.34           |
| 19. | Cartaban Nominees (Tempatan) Sdn. Bhd.<br>- PAMB for Prulink Equity Fund   | 31,157,400           | 1.22           |
| 20. | Cartaban Nominees (Asing) Sdn. Bhd.<br>- Exempt an for State Street Bank & Trust Company (West CLT OD67)                                     | 30,061,200           | 1.17           |
| 21. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>- Nomura Singapore Limited for Tan Sri Dr <u>Lim</u> Wee Chai (419597)                              | 30,000,000           | 1.17           |
| 22. | HSBC Nominees (Asing) Sdn. Bhd.<br>- JPMCB NA for Vanguard Total International Stock Index Fund  | 27,511,858           | 1.07           |
| 23. | HSBC Nominees (Asing) Sdn. Bhd.<br>- JPMCB NA for Vanguard Emerging Markets Stock Index Fund   | 26,219,900           | 1.02           |
| 24. | HSBC Nominees (Asing) Sdn. Bhd.<br>- BPSS SYD for Northcape Capital Global Emerging Markets Fund   | 25,998,936           | 1.02           |
| 25. | Amanahraya Trustees Berhad<br>- Public Islamic Dividend Fund   | 24,666,900           | 0.96           |
| 26. | Tan Sri Dr <u>Lim</u> Wee Chai   | 24,196,000           | 0.95           |
| 27. | Citigroup Nominees (Tempatan) Sdn. Bhd.<br>- Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)  | 22,440,000           | 0.88           |
| 28. | Citigroup Nominees (Asing) Sdn. Bhd.<br>- CBHK for Hostplus Pooled Superannuation Trust (Northcape Cap)                                      | 21,155,564           | 0.83           |
| 29. | Citigroup Nominees (Tempatan) Sdn. Bhd.<br>- Valuecap Sdn. Bhd.  | 20,768,500           | 0.81           |
| 30. | Lim Hooi Sin   | 20,578,920           | 0.80           |
|     | <b>Total</b>   | <b>1,442,381,256</b> | <b>56.35</b>   |

Note:

<sup>^</sup> Calculated based on 2,559,813,748 Ordinary Shares (issued share capital of 2,560,589,348 Ordinary Shares less Treasury Shares of 775,600)

# NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting (“21<sup>st</sup> AGM”) of the Company will be held at TG Grand Ballroom 1, Level 9, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 8 January 2020 at 10:30 a.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 August 2019 together with the Reports of the Directors and the Auditors thereon. **(Refer to Note 2)**
2. To re-elect the following Directors who retire pursuant to Article 94 of the Company’s Constitution and being eligible, have offered themselves for re-election:
  - (a) Tan Sri Dr Lim Wee Chai **(Resolution 1)**
  - (b) Lim Cheong Guan **(Resolution 2)**
3. To re-elect Azrina Arshad, the Director who retire pursuant to Article 100 of the Company’s Constitution and being eligible, has offered herself for re-election. **(Resolution 3)**
4. To approve the payment of Directors’ Fees for the financial year ended 31 August 2019. **(Resolution 4)**
5. To approve the payment of Directors’ Benefits (excluding Directors’ Fees) to the Non-Executive Directors up to an amount of RM300,000.00 from 9 January 2020 until the next Annual General Meeting of the Company to be held in year 2021. **(Resolution 5)**
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. **As Special Business**

To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as Ordinary Resolutions:

### (a) Ordinary Resolution No. 1

#### Authority to Issue Shares pursuant to the Companies Act 2016 (“the Act”)

**(Resolution 7)**

“**THAT** subject to the Act, the Constitution of the Company, and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any relevant governmental/regulatory authority, the Directors of the Company be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

### (b) Ordinary Resolution No. 2

#### Proposed Retention of Independent Non-Executive Director

**(Resolution 8)**

“**THAT** Dato’ Lim Han Boon be and is hereby retained as an Independent Non-Executive Director of the Company when his tenure as Independent Non-Executive Director of the Company exceeds a cumulative term of nine (9) years by 21 February 2020, in accordance with the Malaysian Code on Corporate Governance.”

# NOTICE OF THE 21<sup>ST</sup> AGM

■■■■■■■■■■ (CONT'D)

## (c) Ordinary Resolution No. 3

### Proposed Renewal of Share Buy-Back Authority

(Resolution 9)

**“THAT** subject to the Companies Act 2016 (“the Act”), the Company’s Constitution, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company (“Proposed Share Buy-Back”) as may be determined by the Board from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company;

**THAT** the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the aggregate retained profits of the Company based on its audited financial statements for the financial year ended 31 August 2019 of RM1,751,963,000;

**THAT** at the discretion of the Board, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and/or distributed as dividends and/or resold on Bursa Securities and/or transferred the shares for the purposes of or under an employees’ share scheme in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main LR of Bursa Securities and any other relevant authorities for the time being in force;

**THAT** such authority shall commence immediately upon passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company following this general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that Meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

**AND THAT** the Board be and is hereby authorised to take such steps to give full effect to the Proposed Share Buy-Back with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company.”

8. To transact any other ordinary business for which due notice shall have been given.

By Order of the Board

**CHUA SIEW CHUAN**

SSM PC No.: 201908002648

MAICSA No.: 0777689

Chartered Secretary

**CHIN MUN YEE**

SSM PC No.: 201908002785

MAICSA No.: 7019243

Chartered Secretary

**LIM KEAT SEE**

SSM PC No.: 201908001159

MAICSA No.: 7020290

Chartered Secretary

Shah Alam

13 November 2019

# NOTICE OF THE 21<sup>ST</sup> AGM

■■■■■■■■■■ (CONT'D)

## NOTES TO THE NOTICE OF THE 21<sup>ST</sup> AGM:

### 1. Proxy

- i. In respect of deposited securities, only members whose names appear in the Record of Depositors on 31 December 2019 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- ii. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- iii. Where a holder appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- vi. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.

### 2. Audited Financial Statements for the financial year ended 31 August 2019

The Audited Financial Statements under Agenda 1 is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 ("the Act") does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item is not put forward for voting.

### 3. Re-election of Directors who retire by rotation pursuant to Article 94 of the Company's Constitution

Article 94 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting ("AGM") of the Company. All the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Mr Tay Seong Chee, Simon who has served on the Board as an Independent Non-Executive Director for more than three (3) years and who retires by rotation in accordance with Article 94 of the constitution, has notified the Board that he does not wish to seek re-election as Director. Hence, he shall retire as Director at the conclusion of the 21<sup>st</sup> AGM.

The profiles of the Directors who are standing for re-election as per Agenda 2 of the Notice of the 21<sup>st</sup> AGM are stated on pages 10 and 14 of this Annual Report.

### 4. Re-election of Directors who retire by rotation pursuant to Article 100 of the Company's Constitution

Article 100 of the Company's Constitution provides that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Company's Constitution. Any Director so appointed shall hold office only until the next AGM of the Company when he shall retire but shall then be eligible for re-election but he shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

The profile of the Director who is standing for re-election as per Agenda 3 of the Notice of the 21<sup>st</sup> AGM is stated on page 17 of this Annual Report.

Any Director referred to in Resolutions 1 to 3, who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 21<sup>st</sup> AGM.

# NOTICE OF THE 21<sup>ST</sup> AGM

(CONT'D)

## 5. Determination and Payment of Directors' Fees

Paragraph 7.24 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") stipulates that the fees of directors, and any benefits payable to directors shall be subject to annual shareholders' approval at a general meeting. Therefore, shareholders' approval is required for the determination and payment of Directors' Fees amounting to RM1,237,503.00 for the financial year ended 31 August 2019.

## 6. Directors' Benefits (excluding Directors' Fees)

The Directors' Benefits (excluding Directors' Fees) comprise the meeting allowances payable to the Non-Executive Directors. The meeting allowances are fixed as follows:

| Type of Meeting | Meeting Allowance per Meeting (RM) |                               |
|-----------------|------------------------------------|-------------------------------|
|                 | Chairman                           | Non-Executive Director/Member |
| Board           | Nil                                | 1,250.00                      |
| General         | Nil                                | 1,250.00                      |
| Board Committee | 1,000.00                           | 750.00                        |

In determining the estimated total Directors' Benefits (excluding Directors' Fees) for the period commencing 9 January 2020 until the next AGM ("Relevant Period"), the arrears payment to the Director for the period from 22 August 2019 to 8 January 2020 which exceeded the amount approved by the shareholders in the 20<sup>th</sup> AGM and the size of the Board and Board Committees as well as the estimated number of meetings scheduled to be held during the Relevant Period were taken into consideration.

Any Non-Executive Director who is a shareholder of the Company will abstain from voting on Resolution 5 concerning remuneration to the Non-Executive Directors at the 21<sup>st</sup> AGM.

## 7. Re-appointment of Auditors

The Board Audit Committee and the Board have considered the re-appointment of Messrs. Ernst & Young as Auditors of the Company following the annual assessment of the suitability and independence of the Auditors and collectively agreed that Messrs. Ernst & Young have met the relevant criteria prescribed by Paragraph 15.21 of Bursa Securities Main LR.

## EXPLANATORY NOTE TO SPECIAL BUSINESS:

### 1. Authority to Issue Shares pursuant to the Act

The proposed adoption of Ordinary Resolution No. 1 is for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fundraising activities, including but not limited to placement of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors at the Twentieth (20<sup>th</sup>) AGM held on 8 January 2019 and which will lapse at the conclusion of the 21<sup>st</sup> AGM.



# NOTICE OF THE 21<sup>ST</sup> AGM

■■■■■■■■ (CONT'D)

## 2. Retention of Independent Director

The proposed adoption of Ordinary Resolution No. 2 is for the purpose of retention of Dato' Lim Han Boon as the Independent Non-Executive Director of the Company when his tenure exceeds a cumulative term of nine (9) years by 21 February 2020 pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance.

Dato' Lim Han Boon was appointed as an Independent Non-Executive Director of the Company since 21 February 2011 and was re-designated as Senior Independent Non-Executive Director on 8 January 2019.

The Board based on the recommendation of the Board Nomination and Remuneration Committee, considered him to be independent and believed that he should be retained as Senior Independent Non-Executive Director based on the following justification:

- a. He has fulfilled the criteria of independence contained in the Corporate Governance Guide issued by Bursa Securities. He remains objective and independent in expressing his view and participating in Board deliberations and decision making process;
- b. He had been with the Company for more than 8 years and is familiar with Company's business and continued to participate actively in the Board and Board Committee meetings. He challenged and guided the Management in an effective manner without compromising his independent and objective judgement and always act in the best interest of the Company;
- c. He has exercised his due care and carried out his professional duties proficiently during his tenure as Senior Independent Non-Executive Director as well as the Chairman and member of Board Committees; and
- d. He has vast working experience in the accounting and corporate finance fields, which enabled him to provide the Board with a diverse set of expertise and skill. His profile is set out in the Board of Directors' Profile in this Annual Report.

## 3. Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of Ordinary Resolution No. 3 is for the purpose of renewing the authority granted by the shareholders of the Company at the 20<sup>th</sup> AGM held on 8 January 2019. The aforesaid proposed renewal will allow your Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Securities Main LR.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

### STATEMENT ACCOMPANYING NOTICE OF AGM

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this 21<sup>st</sup> AGM.

# ADMINISTRATIVE DETAILS FOR THE 21<sup>ST</sup> AGM



|                              |   |  |
|------------------------------|---|--|
| Date                         | : | Wednesday, 8 January 2020  |
| Time                         | : | 10:30 a.m.   |
| Venue of Meeting             | : | TG Grand Ballroom 1<br><b>Level 9, Top Glove Tower</b> , 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia    |
| Time & Place of Registration | : | From 8:30 a.m. onwards<br><b>Level 2, Top Glove Tower</b> , 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia |

## REGISTRATION

1. Registration will commence at 8:30 a.m. and will remain open until the conclusion or adjournment of the Twenty-First Annual General Meeting (“AGM”) or such time as may be determined by the Chairman of the meeting.
2. Please produce your **ORIGINAL** National Registration Identification Card (“NRIC”)/Passport during registration for verification. Kindly ensure that you collect your NRIC/Passport upon completion of registration. No person will be allowed to register on behalf of another person even with the original NRIC/ Passport of the other person.
3. After the verification, you are required to write your name and sign on the Attendance List placed at the registration counter.
4. Upon registration, you will be given (a) a personalised barcoded wristband for voting purpose; (b) a voucher for refreshment; (c) a gift bag; (d) a voucher for lunch box redemption; and (e) AGM question form.
  - Please retain item (a) for entry to the meeting hall and for voting at the designated e-voting stations in the meeting hall.
  - A shareholder or a proxy-holder or a corporate representative is only entitled for one of the aforesaid items (b) to (d). In the event that a shareholder is also an appointed proxy/ proxies/ corporate representative; or if there is any subsequent appointment(s) to an already appointed proxy or corporate representative, he/ she will be entitled for another one of the aforesaid items (b) to (d) only. Henceforth, any one (1) shareholder/ proxy / corporate representative may be entitled to a maximum of two (2) of the aforesaid items (b) to (d).
  - There will be no replacement in the event that you misplaced any one of the aforesaid items (a) to (d).
  - Please fill up the AGM question form if you have any question to ask during the AGM and submit the completed form at the Help Desk counter located at Level 2 before 10:00 a.m. or alternatively, you could ask the question during the AGM.
5. Should you have any queries or are unable to register, please proceed to the Help Desk counter which is located at Level 2, next to the registration counters for clarifications.

## PARKING

Parking is complimentary at Top Glove Tower **ONLY**. Please produce your parking ticket for validation at the registration counters.

## FOOD AND BEVERAGE

1. Please collect your food and beverage at the foyer at Level 2 with the refreshment voucher and you may be seated at the same floor to have your refreshment.
2. Lunch box may be redeemed upon the conclusion of voting by shareholders, proxies and corporate representatives at the foyer at Level 9.

# ADMINISTRATIVE DETAILS FOR THE 21<sup>ST</sup> AGM

■■■■■■■■ (CONT'D)



## HELP DESK

Please proceed to Help Desk counter for the following matters:

1. Registration of corporate representative;
2. Any revocation of proxy's appointment or any clarifications or queries or feedbacks; and
3. Submission of AGM question form.

## GENERAL MEETING RECORD OF DEPOSITORS

Members whose names appear in the Record of Depositors as at 31 December 2019 shall be entitled to attend, speak and vote at the AGM or appoint proxies or corporate representatives to attend, speak and vote on members' behalf.

## VOTING PROCEDURE

The voting at the AGM will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll, respectively. Poll voting for each of the resolutions will be conducted upon the conclusion of the deliberations of all the businesses indicated in the Notice of the AGM. The registration for attendance will be closed to facilitate the commencement of the poll voting.

## PROXY

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies, to attend and vote on his/ her behalf. If you are unable to attend the Meeting and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.
2. If you wish to attend the Meeting yourself, please do not submit any Form of Proxy for the Meeting that you wish to attend. You will not be allowed to attend the Meeting together with a proxy appointed by you.
3. If you have submitted your Form of Proxy prior to the Meeting and subsequently decided to attend the Meeting yourself, please proceed to the Help Desk counter to revoke the appointment of your proxy.
4. You may submit your Form of Proxy to the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. by fax at +603-2094 9940/+603-2095 0292 or email to [info@sshsb.com.my](mailto:info@sshsb.com.my). Please also ensure that the original Form of Proxy is deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia no later than Monday, 6 January 2020 at 10:30 a.m..

## ANNUAL REPORT 2019

The following documents are available at the Company's website at <https://www.topglove.com/general-meeting/> :

1. Annual Report 2019
2. Corporate Governance Report 2019
3. Share Buy-Back Statement to Shareholders 2019
4. Notice of 21<sup>st</sup> AGM
5. Form of Proxy
6. Voting Instruction Form (for Singapore Shareholders)
7. Administrative Details for 21<sup>st</sup> AGM

Should you require a printed copy of the Annual Report 2019, please access this link <https://www.research.net/r/TGAR2019requestform> to complete the required details.

Printed copies of Annual Report 2019 are available for collection from the Help Desk counter located at Level 2 on a first come first serve basis. Please consider the environment (Go Green) before you request for it.

## ENQUIRY

Please email to [agm2020@topglove.com.my](mailto:agm2020@topglove.com.my), if you have any queries in relation to the AGM, Form of Proxy, Administrative Details of the 21<sup>st</sup> AGM and the Annual Report 2019. This email account was created for AGM enquiries and will only be valid from Wednesday, 13 November 2019 to Friday, 10 January 2020.

Alternatively, you may contact our Share Registrar at telephone no.: +603-2084 9000, during office hours:

1. Mr. Wong Piang Yoong ([piang.yoong.wong@sshsb.com.my](mailto:piang.yoong.wong@sshsb.com.my))
2. Encik Mohd Hisham Hashim ([hishamh@sshsb.com.my](mailto:hishamh@sshsb.com.my))
3. Puan Nurhayati Ang ([nurhayati.ang@sshsb.com.my](mailto:nurhayati.ang@sshsb.com.my))

# FORM OF PROXY



\*I/We \_\_\_\_\_  
NRIC/Passport/Company No.: \_\_\_\_\_ Tel: \_\_\_\_\_  
CDS Account No.: \_\_\_\_\_ Number of Shares Held: \_\_\_\_\_  
Address: \_\_\_\_\_

being a member of **TOP GLOVE CORPORATION BHD [Company No.: 199801018294 (474423-X)]** hereby appoint:

- 1) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_ Tel: \_\_\_\_\_ Percentage of Shares Represented: \_\_\_\_\_ %
- 2) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_ Tel: \_\_\_\_\_ Percentage of Shares Represented: \_\_\_\_\_ %

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to attend and vote for me/us, and on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at TG Grand Ballroom 1, Level 9, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 8 January 2020 at 10:30 a.m. and at any adjournment thereof.

Please indicate with "X" how you wish your vote to be casted. In the absence of specific instruction, your Proxy will vote or abstain from voting at his/her discretion.

| No.                      | Resolutions  | For | Against |
|--------------------------|--|-----|---------|
| <b>ORDINARY BUSINESS</b> |  |     |         |
| 1                        | To re-elect the Director, Tan Sri Dr <u>Lim</u> Wee Chai.                  |     |         |
| 2                        | To re-elect the Director, Mr Lim Cheong Guan.                              |     |         |
| 3                        | To re-elect the Director, Pn Azrina Arshad.                                |     |         |
| 4                        | To approve the payment of Directors' Fees.                                 |     |         |
| 5                        | To approve the payment of Directors' Benefits (excluding Directors' Fees). |     |         |
| 6                        | To re-appoint Messrs. Ernst & Young as Auditors of the Company.            |     |         |
| <b>SPECIAL BUSINESS</b>  |  |     |         |
| 7                        | Authority to Issue Shares Pursuant to the Companies Act 2016.              |     |         |
| 8                        | Retention of Dato' Lim Han Boon as an Independent Non-Executive Director.  |     |         |
| 9                        | Proposed Renewal of Share Buy-Back Authority.                              |     |         |

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2019/2020

\_\_\_\_\_  
Signature of Member/Common Seal

#### Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 31 December 2019 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.*
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- Where a holder appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damansara, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.*

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STAMP

**The Share Registrar**  
**TOP GLOVE CORPORATION BHD**  
**[Company No. : 199801018294 (474423-X)]**  
c/o: Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur, Malaysia

*1<sup>st</sup> fold here*

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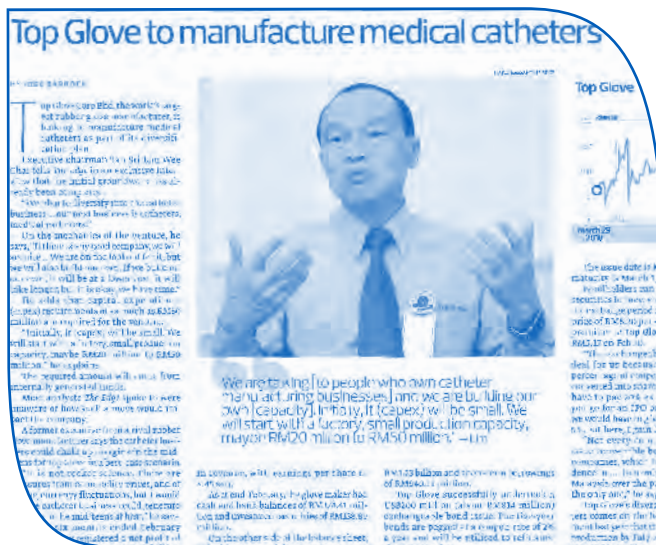
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| 407-1   | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Respect to Human Rights                        | 66       |
| <b>408 Child labour</b>                                     |  |  |          |
| 408-1   | Operations and suppliers at significant risk for incidents of child labour                                     | Respect to Human Rights                        | 66       |
| <b>409 Forced or compulsory labour</b>                      |  |  |          |
| 409-1   | Operations and suppliers at significant risk for incidents of forced or compulsory labour                      | Respect to Human Rights                        | 66       |
| <b>410 Security practices</b>                               |  |  |          |
| 410-1   | Security personnel trained in human rights policies or procedures  | Security                                       | 75 to 76 |
| <b>412 Human rights assessment</b>                          |  |  |          |
| 412-1   | Operations that have been subject to human rights reviews or impact assessments                                | Continuous Improvement on Our Labour Practices | 66 to 67 |
| 412-2   | Employee training on human rights policies or procedures   | Respect to Human Rights                        | 66 to 67 |
| <b>413 Local communities</b>                                |  |  |          |
| 413-1   | Operations with local community engagement, impact assessments, and development programs                       | Community Development & Investment             | 76       |
| <b>414 Supplier social assessment</b>                       |  |  |          |
| 414-1   | New suppliers that were screened using social criteria   | Sustainable Supply Chain                       | 56 to 57 |
| <b>415 Public policy</b>                                    |  |  |          |
| 415-1   | Political contributions  | Anti-Corruption & Bribery                      | 77       |
| <b>418 Customer privacy</b>                                 |  |  |          |
| 418-1   | Substantiated complaints concerning breaches of customer privacy and losses of customer data                   | Providing Better Customer Experience           | 57       |



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Fax : +66-74-410 007/008

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## FACTORY 12

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Kompleks Perabot Olak Lempit,  
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Selangor D.E., Malaysia.  
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Fax : +603-3149 3008

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Fax : +603-3392 5200

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Fax : +606-651 6896

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# TOP GLOVE

TOP QUALITY, TOP EFFICIENCY

ANNUAL  
REPORT  
**2019**  
FINANCIAL YEAR ENDED  
31 AUGUST 2019

## Exports to 195 Countries Worldwide



**42**

FACTORIES



**682**

PRODUCTION  
LINES



**18,000**

EMPLOYEES



**64**

BILLION GLOVES  
PER ANNUM

**TOP GLOVE CORPORATION BHD** [Company No.: 199801018294 (474423-X)]

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