

MEMORANDUM OF UNDERSTANDING TOP GLOVE CORPORATION BHD ("the Company") TERM SHEET FOR THE PROPOSED TRANSACTION INVOLVING EASTERN PRESS SDN BHD

TOP GLOVE CORPORATION BHD

Type	Announcement
Subject	MEMORANDUM OF UNDERSTANDING
Description	TOP GLOVE CORPORATION BHD ("the Company") TERM SHEET FOR THE PROPOSED TRANSACTION INVOLVING EASTERN PRESS SDN BHD

The Board of Directors of the Company wishes to announce that the Company had on 13 October 2017 entered into a term sheet with Y.S. Hoong Sdn Bhd for the proposed acquisition of the entire ordinary shares of Eastern Press Sdn Bhd ("Proposed Transaction").

Kindly refer to the attached document for the details of the Proposed Transaction.

This announcement is dated 13 October 2017.

Please refer attachment below.

Attachments

[TopGlove _Proposed Transaction_Eastern Press Sdn Bhd.pdf](#)
130.2 kB

Announcement Info

Company Name	TOP GLOVE CORPORATION BHD
Stock Name	TOPGLOV
Date Announced	13 Oct 2017
Category	General Announcement for PLC
Reference Number	GA1-12102017-00037

TOP GLOVE CORPORATION BHD (“TOP GLOVE” OR THE “COMPANY”)

**MEMORANDUM OF UNDERSTANDING
– TERM SHEET FOR THE PROPOSED TRANSACTION INVOLVING EASTERN PRESS SDN BHD**

1. INTRODUCTION

The board of directors of the Company wishes to announce that the Company had on 13 October 2017 entered into a term sheet (“**Term Sheet**”) with Y.S. Hoong Sdn Bhd (the “**Vendor**”) for the proposed acquisition of the entire ordinary shares of Eastern Press Sdn Bhd (“**Eastern Press**”) (“**Proposed Transaction**”).

The purpose of the Term Sheet is to set out the outline of indicative terms of the Proposed Transaction whereby, if the Company elects to proceed with the Proposed Transaction, the Vendor shall sell and cause the other shareholders of Eastern Press to sell the entire ordinary shares in Eastern Press and to enter into the definitive sale and purchase agreement (“**SPA**”) on terms mutually agreed between the parties.

2. SALIENT TERMS OF THE TERM SHEET

2.1 Proposed consideration

The indicative consideration for the Proposed Transaction is RM47.25 million. This proposed consideration, which is intended to be satisfied via cash, was arrived at after taking into consideration the following:

- (i) the net assets of Eastern Press;
- (ii) the market value of Eastern Press’ long term leasehold properties; and
- (iii) the net profit guarantee of RM4.50 million for the financial year ending 31 October 2018.

2.2 Exclusivity

In consideration of the Company spending considerable time and resources relating to the performance of due diligence inquiry and preparation of documents for the Proposed Transaction, the Vendor shall (and shall cause the other shareholders of Eastern Press), for a period of 2 months from the date of the Term Sheet, provide the Company with an exclusivity period.

During this exclusivity period, the Vendor and its respective advisers shall not (and shall ensure that the other shareholders of Eastern Press and Eastern Press shall not) solicit or engage in any discussion or negotiation regarding the Proposed Transaction or any investment in, or issuance or sale of the securities of Eastern Press with any third party, or engage in any of the foregoing transactions. If any unsolicited proposal is received, the Vendor must inform the Company of such a proposal and provide details of such proposal.

3. INFORMATION ON EASTERN PRESS

Eastern Press was incorporated in Malaysia on 11 October 1958 as a private limited company. As at 6 October 2017, the issued share capital of Eastern Press is RM5,000,000.00 comprising of 5,000,000 ordinary shares. Eastern Press is principally engaged to carry on the business as printers and supplier of packaging material.

As at 6 October 2017, the directors of Eastern Press are Hoong Hsueh Ling, Lee Oi Fai @ Lee Ai Hui, Tan Puay Choo and Hoong Suet Kun. The substantial shareholders of Eastern Press and their respective shareholdings in Eastern Press are as follows:

Substantial shareholders	←--- Direct ---→		←--- Indirect ---→	
	No. of shares	%	No. of shares	%
Y.S. Hoong Sdn Bhd	4,874,798	97.50	-	-
Hoong Hsueh Ling as the sole executor and trustee of the estate of Hoong Yue Sen @ Ang Gek Seng ⁽¹⁾	3,750	0.07	⁽²⁾ 4,874,798	97.50

Notes:

- (1) The late Mr. Hoong Yue Sen @ Ang Gek Seng has deceased on 18 March 2017. Ms. Hoong Hsueh Ling has been appointed as the sole executor and trustee pursuant to Mr. Hoong Yue Sen @ Ang Gek Seng's will, for which the grant of probate has been granted but pending extraction from the High Court in Malaya.
- (2) Deemed interested by virtue of his shareholding in Y.S. Hoong Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

4. RATIONALE FOR THE PROPOSED TRANSACTION

Eastern Press is the major supplier of packaging material to the operations of the Company's subsidiaries (together with the Company, the "Group") in Malaysia. The proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better costs and quality control.

5. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

None of the directors, major shareholders and persons connected with them have any interest, direct or indirect, in the Proposed Transaction.

6. FURTHER DISCLOSURE ON THE TERM SHEET

A detailed announcement will be made upon execution of the SPA in relation to the Proposed Transaction.

7. DOCUMENT AVAILABLE FOR INSPECTION

The Term Sheet will be available for inspection at the registered office of the Company at Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor, Malaysia during normal office hours from Monday to Friday (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 13 October 2017.