

# TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS TOP GLOVE CORPORATION BHD ("Top Glove" or "the Company") PROPOSED ACQUISITION OF ASSETS BY GMP MEDICARE SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

## TOP GLOVE CORPORATION BHD

<b>Type</b>	Announcement
<b>Subject</b>	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
<b>Description</b>	TOP GLOVE CORPORATION BHD ("Top Glove" or "the Company") PROPOSED ACQUISITION OF ASSETS BY GMP MEDICARE SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Board of Directors wishes to announce that the wholly-owned subsidiary of the Company, GMP Medicare Sdn Bhd had on 18 May 2017 entered into two (2) separate Sale and Purchase Agreement with A1 Glove Sdn Bhd and Titi Glove Sdn Bhd to acquire the following assets respectively:

- i. Factory erected on freehold land held under Geran 164813, Lot 8196, Mukim Setul, Daerah Seremban, Negeri Sembilan together with the machineries and equipment & fixture and fittings; and
- ii. Factory erected on leasehold land held under Pajakan Negeri 9632, Lot 8728, Mukim Jalan Bakri, Daerah Muar, Negeri Johor together with the machineries and equipment & fixture and fittings.

The details of the announcement is stated in the file attached.

This announcement is dated 19 May 2017.

Please refer attachment below.

### Attachments

[Proposed\\_Acquisition\\_of\\_Assets\\_by\\_GMP\\_Medicare\\_Sdn\\_Bhd.pdf](#)  
55.6 kB

---

### Announcement Info

<b>Company Name</b>	TOP GLOVE CORPORATION BHD
<b>Stock Name</b>	TOPGLOV
<b>Date Announced</b>	19 May 2017
<b>Category</b>	General Announcement for PLC
<b>Reference Number</b>	GA1-12052017-00052

## **TOP GLOVE CORPORATION BHD ("Top Glove" or "the Company")**

### **• PROPOSED ACQUISITION OF ASSETS BY GMP MEDICARE SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

---

#### **1. INTRODUCTION**

The Board of Directors wishes to announce that the wholly-owned subsidiary of the Company, GMP Medicare Sdn Bhd had on 18 May 2017 entered into two (2) separate Sale and Purchase Agreement ("the Agreements") with A1 Glove Sdn Bhd and Titi Glove Sdn Bhd (collectively referred to as "the Vendors") to acquire the following assets respectively:

- i. Factory erected on freehold land held under Geran 164813, Lot 8196, Mukim Setul, Daerah Seremban, Negeri Sembilan together with the machineries and equipment & fixture and fittings (also known as "Property No. 1"); and
- ii. Factory erected on leasehold land held under Pajakan Negeri 9632, Lot 8728, Mukim Jalan Bakri, Daerah Muar, Negeri Johor together with the machineries and equipment & fixture and fittings (also known as "Property No. 2"),  
(collectively referred to as the "Proposed Acquisitions").

(Property No. 1 and Property No. 2 are collectively referred to as "the Properties")

(GMP Medicare Sdn Bhd, A1 Glove Sdn Bhd and Titi Glove Sdn Bhd are collectively referred to as "the Parties")

#### **2. DETAILS OF THE PROPOSED ACQUISITIONS**

##### **A. Information of Property No. 1**

Vendor	: A1 Glove Sdn Bhd ("A1 Glove")
Description of Property	: Factory erected on freehold land held under Geran 164813, Lot 8196, Mukim Setul, Daerah Seremban, Negeri Sembilan; together with the machineries and equipment & fixture and fittings
Postal Address	: Lot 3726, Kawasan Perindustrian Nilai, 71800 Nilai, Negeri Sembilan
Total land area	: 43,260 square metres
Gross build-up area	: 14,256 square metres
Age of the Factory Building	: 22 years
Land Tenure	: Freehold
Encumbrance	: Property No. 1 is currently charged to Maybank Islamic Berhad by A1 Glove
Condition of Title	: Industrial

##### **B. Information of Property No. 2**

Vendor	: Titi Glove Sdn Bhd ("Titi Glove")
Description of Property	: Factory erected on leasehold land held under Pajakan Negeri 9632, Lot 8728, Mukim Jalan Bakri, Daerah Muar, Negeri Johor; together with the machineries and equipment & fixture and fittings.

**TOP GLOVE CORPORATION BHD (“Top Glove” or “the Company”)**

- **Proposed Acquisition of Assets by GMP Medicare Sdn Bhd, a Wholly-Owned Subsidiary of the Company**
  - **Page 2**
- 

Postal Address	: Lot 6021, Kawasan Perindustrian Bukit Bakri, 84200 Muar, Johor
Total land area	: 7,752 square metres
Gross build-up area	: 7,791 Square metres
Age of the Factory Building	: 19 years
Land Tenure	: Leasehold, expiring on 29 December 2094
Encumbrance	: Property No. 2 is currently charged to Malayan Banking Berhad by Titi Glove
Condition of Title	: Industrial
Restrictions-in-interest	: Tanah yang dikurniakan ini tidak boleh dijual, dicagar, digadai atau dipindahmilik dengan apa cara sekalipun termasuk dengan cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan, menjual tanah ini, tanpa kebenaran Penguasa Negeri. <i>[This granted land cannot be sold, pledged, charged or transferred by any means including through agreement for the purpose to release, sell the land, without the consent of the State Authority.]</i>

**C. Information on the Vendors**

**I. A1 Glove Sdn Bhd**

A1 Glove was incorporated as a private limited company in Malaysia on 25 August 2009 and having a place of business at Lot 3726, Kawasan Perindustrian Nilai, Mukim Setul, 71800 Seremban, Negeri Sembilan. The principal activity of A1 Glove is manufacturing and sales of latex gloves with a total issued and paid-up capital of RM5,000,000 comprising 5,000,000 ordinary shares.

The existing Directors of A1 Glove are as follows:

1. Dato’ Lim Kwee Fatt (“Dato’ Lim KF”)
2. Lim Soon Hee

The shareholders of A1 Glove are as follows:

<u>Name of shareholders</u>	<u>Shareholding (%)</u>
1. A1 Holding Berhad	49.0
2. Hadsyn Latex Co Ltd	38.0
3. Dato’ Lim KF	5.0
4. Lim Soon Hee	3.0
5. Lim Kwee Chin	1.0
6. Boo Ching Song	1.0
7. Seow Boon Ping	1.0
8. Lee Lwe Lan	1.0
9. Arina Tan Yin Yin	0.5
10. Lim Qui Fah	0.5
<b>Total:</b>	<b><u>100.0</u></b>

## TOP GLOVE CORPORATION BHD (“Top Glove” or “the Company”)

- Proposed Acquisition of Assets by GMP Medicare Sdn Bhd, a Wholly-Owned Subsidiary of the Company
  - Page 3
- 

### II. Titi Glove Sdn Bhd

Titi Glove was incorporated as a private limited company in Malaysia on 18 May 2007 and having a place of business at Lot 6021, Kawasan Perindustrian Bukit Bakri, Bakri, 84200 Muar, Johor. The principal activity of Titi Glove is trader and manufacturer of rubber related products with a total issued and paid-up capital of RM5,000,000 comprising 5,000,000 ordinary shares.

The existing Directors of Titi Glove are as follows:

1. Dato’ Lim KF
2. Lim Chin Chong
3. Lim Soon Hee

The shareholders of Titi Glove are as follows:

<u>Name of shareholders</u>	<u>Shareholding (%)</u>
1. A1 Holding Berhad	63.0
2. Hadsyn Rubber Co Ltd	29.0
3. Lim Soon Hee	3.0
4. Seow Boon Ping	1.0
5. Lee Lwe Lan	1.0
6. Lim Kwee Chin	1.0
7. Boo Ching Song	1.0
8. Arina Tan Yin Yin	0.5
9. Lim Qui Fah	0.5
<b>Total:</b>	<b>100.0</b>

### D. Information on the purchaser, GMP Medicare Sdn Bhd (“GMP”)

GMP was incorporated as a private limited company in Malaysia on 10 March 1984. The registered office of GMP is situated at Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor.

The principal activity of GMP is manufacturing and trading of gloves with a total issued and paid-up capital of RM24,000,000 comprising 24,000,000 ordinary shares. GMP is a wholly-owned subsidiary of Top Glove.

The existing Directors of GMP are as follows:

- a) Tan Sri Dr Lim Wee Chai
- b) Lee Kim Meow
- c) Lim Cheong Guan
- d) Wong Chong Ban
- e) Liew Say Keong
- f) Siow Chun Min

### **3. BASIS OF CONSIDERATION**

An independent valuer, Raine & Horne International Zaki + Partners Sdn Bhd was appointed by GMP to perform the valuation on Property No. 1 and Property No. 2. The valuer, having inspected the Properties and reviewed the available data, had in its valuation report dated 20 April 2017 stated the following:

	<b>Market Value (RM)</b>
Property No. 1	50,532,190
Property No. 2	10,198,984
<b>Total:</b>	<b>60,731,174</b>

The purchase consideration of the Properties was arrived at on a willing buyer-willing seller basis and upon taking into consideration the market value of the Properties at the time of acquisition.

The Company is of the opinion that the Purchase Consideration of RM31,500,000 for Property No. 1 and RM7,500,000 for Property No. 2 is therefore fair, having taken into account the Purchase Consideration which is below the market value stated in the valuation report, and also having considered the rationale for the acquisition as stated under Item 7 below.

### **4. SOURCE OF FUNDS**

The Purchase Consideration of the Properties will be funded through internally generated funds of the Group and/or external borrowings; the breakdown of which has not been determined at this juncture.

### **5. EFFECT OF THE PROPOSED ACQUISITIONS**

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

The Proposed Acquisitions will not have any effect on the issued and paid-up share capital and shareholdings of the substantial shareholders of the Company.

#### **b) Earnings Per Share**

The Proposed Acquisitions will not have a material effect on the earnings per share of the Group for the financial year ending 31 August 2017.

#### **c) Net Assets per Share and Gearing**

The Proposed Acquisitions will not have a material effect on the net assets per share and gearing of the Group for the financial year ending 31 August 2017.

### **6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND ITS PERSONS CONNECTED**

Save as disclosed below, none of the Directors and/or major shareholders of Top Glove and/or persons connected with the Directors and/or major shareholders of Top Glove, has any interest, direct or indirect with the Proposed Acquisitions:

<b>Related Party with whom the Group is transacting</b>	<b>Interested Related Party</b>	<b>Nature of Relationship</b>
Tan Sri Dr Lim Wee Chai (“Tan Sri Dr Lim”), Puan Sri Tong Siew Bee (“Puan Sri Tong”), Mr Lim Hooi Sin (“Mr Lim HS”), and Mr Lim Jin Feng (“Mr Lim JF”)	Dato’ Lim KF Datin Lee Lwe Lan (“Datin Lee LL”) Mr Lim Soon Hee (“Mr Lim SH”) Lim Qui Fah (“Ms Lim QF”) Hadsyn Latex Co. Ltd Hadsyn Rubber Co Ltd A1 Holding Berhad	Tan Sri Dr Lim is the spouse of Puan Sri Tong, brother of Mr Lim HS, Dato’ Lim KF and Ms Lim QF; and father of Mr Lim JF.  Dato’ Lim KF is the spouse of Datin Lee LL and father-in-law of Mr Lim SH and brother of Ms Lim QF.  Hadsyn Latex Co. Ltd, Hadsyn Rubber Co Ltd and A1 Holding Berhad are companies in which Dato’ Lim KF has interest by virtue of him being controlling shareholder.

However, the Proposed Acquisitions are not subject to the approval of shareholders as the materiality of the transaction is less than 5% of the percentage ratio threshold with only an immediate announcement is required.

All interested Directors, Tan Sri Dr Lim, Puan Sri Tong and Mr Lim HS were abstained from all Board deliberations and voting in respect of the Proposed Acquisitions.

## **7. RATIONALE AND PROSPECT**

The Proposed Acquisitions are in line with the Group’s expansion plans which entail increasing its production capacity and market share. The Proposed Acquisition is also expected to fortify the Group’s position in the natural rubber glove segment and contribute to its profitability going forward.

In addition, the Vendors have agreed to sell their glove manufacturing and trading business together with the Proposed Acquisitions’ goodwill to GMP, including customers’ particulars and other related information. In view thereof, the Group is expected to further strengthen its presence and market share in developing countries, particularly China.

## **8. FINANCIAL INFORMATION OF THE PROPERTIES**

The original cost of investment of Property No. 1 was RM92,869,430 acquired and invested by A1 Glove over the year since November 2009. As per the A1 Glove’s audited financial statements for the year ended 31 December 2015, its net book value was RM63,426,431.

The original cost of investment of Property No. 2 was RM26,365,276 acquired and invested by Titi Glove over the year since January 2008. As per the Titi Glove’s audited financial statements for the year ended 31 December 2015, its net book value was RM13,929,168.

## **9. SALIENT TERMS OF THE AGREEMENTS**

### **9.1 The salient terms of the Agreement with A1 Glove for Property No. 1**

A1 Glove hereby agree to sell and GMP hereby agrees to purchase the Property No. 1, free from encumbrances with vacant possession, together with the machineries and equipment & fixture and fittings attached at the Third Schedule and Fourth Schedule respectively of the Agreement, on an ‘as is where is’ basis at the total purchase price of Ringgit Malaysia Thirty-One Million and Five Hundred Thousand (RM31,500,000) (“Purchase Price”).

The Purchase Price shall be paid in the following manner:

- a) Upon the execution of the Agreement, GMP shall pay to A1 Glove the sum of RM3,150,000 (“Deposit”) as deposit and part payment of the Purchase Price.
- b) The balance Purchase Price amounting to RM28,350,000 (“Balance Purchase Price”) shall be paid to A1 Glove on or before the expiry of three (3) months from the date of the Agreement (“the Completion Date”).
- c) The Parties agree that in the event that the Balance Purchase Price is not settled within the Completion Date, A1 Glove shall grant GMP an extension period of one (1) month from the Completion Date. GMP shall pay A1 Glove compensation for the extension of time in the manner more particularly described in the Agreement.

#### **Default by GMP**

The Parties agreed that if GMP fails to pay the Balance Purchase Price within the time stipulated, A1 Glove shall be entitled to terminate the Agreement and forfeit the Deposit, as agreed liquidated damages and shall at the time of such forfeiture refund to GMP, free from interest, all sums (if any) in excess of the Deposit and thereafter the Agreement shall be null and void and be of no further force or effect and neither Party shall have any claim against the other, save for antecedent breaches.

#### **Default by A1 Glove**

The Parties agreed that in the event A1 Glove fails, refuses or defaults to sell or give good title of the Property No. 1 to GMP or breach of the terms and conditions of the Agreement or substantially delay the transaction or the transfer of the Property No. 1 in the Agreement, GMP shall be entitled to the remedy at law of specific performance against A1 Glove on any terms of the Agreement OR at GMP’s option, terminate the Agreement whereupon A1 Glove shall refund, free of interests, within SEVEN (7) days of termination, all sums already paid by GMP pursuant to the Agreement, including the Deposit, and further pay a sum equivalent to the Deposit to GMP as agreed liquidated damages, failing which A1 Glove shall pay interest at the rate of eight per centum (8%) per annum on such sums which has not been duly paid/refunded to GMP, calculated on a daily basis and thereafter, the Agreement shall be null and void and neither Party shall have further claim against the other, save for antecedent breaches.

### **9.2 The salient terms of the Agreement with Titi Glove for Property No. 2:**

Titi Glove hereby agree to sell and GMP hereby agree to purchase the Property No. 2, free from encumbrances with vacant possession, together with the machineries and equipment & fixture and fittings attached at the Third Schedule and Fourth Schedule respectively of the Agreement, on an ‘as is

where is’ basis at the total purchase price of Ringgit Malaysia Seven Million Five Hundred Thousand (RM 7,500,000) (“Purchase Price”).

The Purchase Price shall be paid in the following manner:

- a) Upon the execution of the Agreement, GMP shall pay to Titi Glove the sum of RM750,000 (“Deposit”) as deposit and part payment of the Purchase Price.
- b) The balance Purchase Price amounting to RM6,750,000 (“Balance Purchase Price”) shall be paid to Titi Glove on or before the expiry of three (3) months from the date of Agreement (“the Completion Date”).
- c) The Parties agree that in the event that the Balance Purchase Price is not settled within the Completion Date, Titi Glove shall grant GMP an extension period of one (1) month from the Completion Date. GMP shall pay Titi Glove compensation for the extension of time in the manner more particularly described in the Agreement.

#### **Default by GMP**

The Parties agreed that if GMP fails to pay the Balance Purchase Price within the time stipulated, Titi Glove shall be entitled to terminate the Agreement and forfeit the Deposit, as agreed liquidated damages and shall at the time of such forfeiture refund to GMP, free from interest, all sums (if any) in excess of the Deposit and thereafter the Agreement shall be null and void and be of no further force or effect and neither Party shall have any claim against the other, save for antecedent breaches.

#### **Default by Titi Glove**

The Parties agreed that in the event Titi Glove fails, refuses or defaults to sell or give good title of the Property No. 2 to GMP or breach of the terms and conditions of the Agreement or substantially delay the transaction or the transfer of the Property No. 2 in the Agreement, GMP shall be entitled to the remedy at law of specific performance against Titi Glove on any terms of the Agreement OR at GMP’s option, terminate the Agreement whereupon Titi Glove shall refund, free of interests, within SEVEN (7) days of termination, all sums already paid by GMP pursuant to the Agreement, including the Deposit, and further pay a sum equivalent to the Deposit to GMP as agreed liquidated damages, failing which Titi Glove shall pay interest at the rate of eight per centum (8%) per annum on such sums which has not been duly paid/refunded to GMP, calculated on a daily basis and thereafter, the Agreement shall be null and void and neither Party shall have further claim against the other, save for antecedent breaches.

### **10. RISK FACTOR IN RELATION TO THE PROPOSED ACQUISITIONS**

The Board does not foresee any material risk factors arising from the Proposed Acquisitions other than the normal economic risk and the following risk:

The Proposed Acquisitions are currently pending completion and there is no certainty to the successful completion of the transaction from any non-fulfilment of any condition or necessary procedure by A1 Glove, Titi Glove or by GMP.

Notwithstanding the above, GMP shall take all reasonable steps and procedures to ensure the completion of the Proposed Acquisitions and safeguard the Group’s position.



## **11. LIABILITIES TO BE ASSUMED**

There are no contingent liabilities and guarantees to be assumed by Top Glove arising from the Proposed Acquisitions.

## **12. ESTIMATION TIME FRAME TO COMPLETE THE PROPOSED ACQUISITIONS**

The Proposed Acquisitions are expected to be completed within three (3) months from the date of signing of the Agreements.

## **13. OTHER TRANSACTIONS WITH THE SAME RELATED PARTY**

There has been no transaction entered into between Top Glove Group and Tan Sri Dr Lim, Puan Sri Tong and Mr Lim HS during the twelve (12) months preceding the date of this announcement and the Agreements.

## **14. HIGHEST PERCENTAGE RATIO**

Based on the latest audited financial statements of the Group as at 31 August 2016 and pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities, the highest percentage ratio arising from the Proposed Acquisitions is 2.15%.

## **15. APPROVAL REQUIRED**

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

## **16. STATEMENT BY THE AUDIT COMMITTEE AND BOARD OF DIRECTORS**

The Audit Committee and the Board of Directors, excluding Tan Sri Dr Lim, Mr Lim HS and Puan Sri Tong (whom have abstained from voting in view of their interest in the Proposed Acquisitions), having considered all aspects of the Proposed Acquisitions and that the Purchase Consideration is lower than the market value as well as its rationale and after careful deliberations, are of the view that the Proposed Acquisitions are in the best interest of Top Glove Group and are fair, reasonable, on normal commercial terms and are not detrimental to the interest of the minority shareholders of the Company.

Other than the independent valuation, the Audit Committee and Board of Directors did not seek other independent advice in forming its view in respect of the Proposed Acquisitions. The Audit Committee does not have differing opinion from the independent valuer.

## **17. DOCUMENTS FOR INSPECTION**

The signed Agreements and Valuation Reports will be made available for inspection by the members of the Company at its registered address at Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam,

**TOP GLOVE CORPORATION BHD (“Top Glove” or “the Company”)**

- **Proposed Acquisition of Assets by GMP Medicare Sdn Bhd, a Wholly-Owned Subsidiary of the Company**
  - **Page 9**
- 

Seksyen U13, 40170 Shah Alam, Selangor during business hours from Mondays to Fridays (except Public Holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 19 May 2017.