

Top Glove Corporation Bhd.  
199801018294  
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements  
31 August 2020

**199801018294**

**Top Glove Corporation Bhd.  
(Incorporated in Malaysia)**

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**Directors' report**

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 2020.

**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 20 to the financial statements.

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

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit net of tax	<u>1,788,830</u>	<u>1,637,122</u>
Profit attributable to:		
Owners of the parent	1,752,584	1,637,122
Holders of Perpetual Sukuk	25,605	-
Non-controlling interests	<u>10,641</u>	<u>-</u>
	<u>1,788,830</u>	<u>1,637,122</u>

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.

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**Dividends**

The amount of dividends paid by the Company since 31 August 2019 were as follows:

	<b>RM'000</b>
<b>In respect of the financial year ended 31 August 2020:</b>	
First tax exempt interim single tier dividend of 10 sen per share on 2,694,050,000 ordinary shares, declared on 11 June 2020 and paid on 9 July 2020	269,411
<b>In respect of the financial year ended 31 August 2019:</b>	
Final tax exempt single tier dividend of 4 sen per share on 2,559,814,000 ordinary shares, declared on 26 September 2019 and paid on 23 December 2019	102,393
	<u>371,804</u>

Further details on dividends recognised during the financial year are disclosed in Note 47.

A single tier final dividend in respect of the financial year ended 31 August 2020, of 8.5 sen per share on 8,134,100,000 ordinary shares amounting to RM691,399,000 had been declared on 23 September 2020. The final dividend will be paid on 3 November 2020. 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 2021.

**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 Kamso  
Sharmila Sekarajasekaran  
Datuk Dr. Norma Mansor  
Azrina Binti Arshad  
Lim Andy (Appointed on 8 January 2020)  
Tay Seong Chee, Simon (Retired on 8 January 2020)

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

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**Directors (cont'd.)**

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  
Galuh Faradisa  
Ho Chee Meng Edmund  
Ho Kim Nam  
Hue Kon Fah  
Lam Yat Hing  
Law Eng Lim  
Lee Shin Hwai  
Leong Chew Mun  
Lew Sin Chiang  
Liew Say Keong  
Lim Hwa Chuan  
Lim Jin Feng  
Marcelo Nastromagario  
Masato Katayama  
Ng Yong Lin  
Oh Teik Chye  
Phattaraporn Fueangthong  
Puon Tuck Seng  
Ravi A/L Supramaniam  
Saw Eng Kooi  
See So Kim Huat  
Siow Chun Min  
Svami Utama Batang Taris  
Tan Chee Hoong  
Tan Puay Choo  
Thomas Petermoeller  
Tio Thiam Boon  
Wilawan Sakulsongboonsiri  
Wong Chong Ban  
Koek I Long (Appointed on 3 December 2019)  
Lim Keuw Wei (Appointed on 3 January 2020)  
Seah Chong Shew (Resigned on 19 October 2019)  
Faisal Bin Abd Rahman (Resigned on 9 December 2019)  
Max Som Chai A/L Putian (Resigned on 24 April 2020)  
Ng Wee Chong (Resigned on 1 September 2020)

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**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 40 to the financial statements.

The directors' benefits are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Salaries and other emoluments	9,656	3,879
Fees	2,160	2,109
Defined contribution plan	719	400
Social security contributions	12	1
Share granted under ESOS	742	597
Share granted under ESGP	1	-
Benefits-in-kind	249	77
	<u>13,539</u>	<u>7,063</u>

\* The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for the directors and officers of the Group for the financial year amounted to RM10,000,000 whilst the total amount of premium paid was RM22,800. The directors or officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of law or breach of trust proven against them.

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**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 1.9.2019	Acquired	Sold	At 31.8.2020
Tan Sri Dr <u>Lim</u> Wee Chai				
- direct	686,050,552	10,471,200	-	696,521,752
- indirect	230,043,216	5,233,100	133,000	235,143,316
Puan Sri Tong Siew Bee				
- direct	7,230,392	300,000	100,000	7,430,392
- indirect	908,863,376	15,404,300	33,000	924,234,676
Dato' Lee Kim Meow				
- direct	982,200	-	100,000	882,200
- indirect	40,000	-	-	40,000
Lim Hooi Sin				
- direct	39,163,648	2,590,100	-	41,753,748
- indirect	876,896,120	12,944,800	100,000	889,740,920
Lim Cheong Guan				
- direct	297,600	300,000	285,000	312,600
Tan Sri Rainer Althoff				
- direct	1,500	3,000	-	4,500
Dato' Lim Han Boon				
- direct	50,000	30,000	-	80,000
Sharmila Sekarajasekaran				
- direct	10,010,000	2,500	-	10,012,500
- indirect	200,000	200,000	-	400,000
Datuk Dr. Norma Mansor				
- indirect	4,000	2,300	1,000	5,300
Datuk Noripah Binti Kamso				
- direct	-	5,000	-	5,000
Lim Andy				
- direct	-	2,500	-	2,500

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**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 1.9.2019	Granted	Exercised	At 31.8.2020
Tan Sri Dr <u>Lim</u> Wee Chai	1,393,400	751,600	2,145,000	-
Puan Sri Tong Siew Bee	73,600	50,300	-	123,900
Dato' Lee Kim Meow	437,000	35,600	-	472,600
Lim Hooi Sin	655,700	484,400	1,140,100	-
Lim Cheong Guan	521,900	31,500	300,000	253,400

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.

**Issue of shares**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM788,326,000 to RM1,675,704,000 by way of:

- (i) issuance of 31,896,100 ordinary shares pursuant to the Company's ESOS at an option price between RM4.63 to RM12.75 per ordinary share; and
- (ii) conversion of 116,339,801 units of 5-year Guaranteed Exchangeable Bonds 2019/2024 (equivalent to RM709,673,000 based on the settlement rate of USD1.00:RM4.0703) exchangeable into 116,339,801 new ordinary shares at the adjusted exchange price of RM6.10.

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



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**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 39(i) to the financial statements.

During the financial year, the Company granted 13,599,400 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 39(i) to the financial statements are met.

Details of the options exercised to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 August 2020 are as follows:

<b>Expiry date</b>	<b>Exercise price RM</b>	<b>Number of options '000</b>
31 May 2028	5.06	4,218.0
31 May 2028	4.90	9,916.3
31 May 2028	4.90	106.7
31 May 2028	4.63	9,231.5
31 May 2028	4.72	5,628.7
31 May 2028	4.76	90.1
31 May 2028	9.89	2,604.8
31 May 2028	12.75	100.0
		<u>31,896.1</u>

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

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**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 39(ii) to the financial statements.

During the financial year, the Company granted 114,000 share grant under ESGP amounted to RM1,128,000 to eligible employees and executive directors.

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

**Treasury shares**

During the financial year, the Company transferred 114,000 treasury shares to eligible employees under employee share grant scheme at average market price of RM9.89 per share. The total transferred treasury shares net of transaction costs were RM1,128,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM866,000 was recognised in equity.

As at 31 August 2020, the Company held as treasury shares a total of 661,600 of its 2,708,825,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,519,000 and further relevant details are disclosed in Note 35 to the financial statements.

**Perpetual sukuk**

On 22 January 2020, the Company's wholly owned subsidiary, TG Excellence Berhad ("TGE") lodged the Perpetual Sukuk Programme with the Securities Commission Malaysia ("SC"). The Perpetual Sukuk Programme, under the Shariah principle of Wakalah Bi Al-Istithmar, is guaranteed by the Company via a subordinated guarantee. The Perpetual Sukuk Programme provides TGE with the flexibility to issue unsecured and subordinated perpetual sukuk from time to time, subject to the aggregate outstanding nominal amount not exceeding RM3.0 billion at any point in time.

On 27 February 2020, TGE completed the first issuance with a nominal value of RM1.3 billion under the Perpetual Sukuk Programme. The Perpetual Sukuk was issued with a tenure of perpetual non-callable 5 years with an initial periodic distribution rate of 3.95% per annum.

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**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 allowance for expected credit loss and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for expected credit loss; 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.
- (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 expected credit loss 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.

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**Significant events**

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 20 and Note 50 to the financial statements.

**Subsequent events**

Details of subsequent events are disclosed in Note 51 to the financial statements.

**Auditors**

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

Auditors' remuneration is as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Ernst & Young PLT	499	80
Other auditors	551	-
	<u>1,050</u>	<u>80</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT for the financial year ended 31 August 2020.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 November 2020.

Dato' Lee Kim Meow

Dato' Lim Han Boon

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**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 19 to 152 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 2020 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 3 November 2020.

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 19 to 152 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 3 November 2020.

Dato' Lee Kim Meow

Before me,

Sirendar Singh  
Commissioner for Oaths

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Independent auditors' report to the members of  
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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 2020 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 19 to 152.

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 2020, 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.

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*Key audit matters (cont'd.)*

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 25 to the financial statements)

As at 31 August 2020, the Group held RM531 million of inventories which represented 6% of total assets of the Group. Total cost of inventories charged to the consolidated income statement for the year ended 31 August 2020 amounted to RM4,387 million, accounting for 86% 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 information technology system ("IT 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.

Our audit procedures include, 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 IT system by involving our IT audit professionals.
- c) Obtained an understanding of and tested the internal controls over the IT system in respect of the allocation of costs of raw materials, labour costs, and overhead costs to the respective products.
- d) Agreed, on a sampling basis, the costs of raw materials to suppliers' invoices.

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*Key audit matters (cont'd.)*

Annual impairment test of goodwill arising from the acquisition of Aspion Sdn. Bhd.  
("Aspion")  
(Refer to Note 4.1, 7.2(b) and Note 24 to the financial statements)

As at 31 August 2020, the Group recorded a goodwill of RM934 million arising from the acquisition of Aspion, which represented 11% 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 impairment assessment, we consider this to be an area of audit focus.

Our audit procedures include, amongst others, the following:

- a) Evaluated management's key assumptions used in the cash flows projection, focusing on projected revenue, profit margins and terminal growth rates, taking into consideration the current and expected future economic conditions. We compared the projected revenue to the past trends and compared expected revenue growth rates to relevant future market demand.
- 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 reflects 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 assumptions to understand the impact that reasonable alternative assumptions would have on the overall recoverable amount.
- d) Evaluated the adequacy of the Group's disclosures in the financial statements concerning those key assumptions to which the outcome of the impairment assessment is most sensitive.



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*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.

*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.

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Independent auditors' report to the members of  
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*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.

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

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 (cont'd.):

- 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, actions taken to eliminate threats or safeguards applied.

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 20 to the financial statements.

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Independent auditors' report to the members of  
Top Glove Corporation Bhd. (cont'd.)  
(Incorporated in Malaysia)

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 PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Ng Kim Ling  
No. 03236/04/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
3 November 2020

199801018294

**Top Glove Corporation Bhd.**  
(Incorporated in Malaysia)

**Statements of profit or loss**  
For the financial year ended 31 August 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Revenue</b>	8	7,237,427	4,801,139	1,636,614	220,964
Cost of sales		(4,387,010)	(3,917,144)	-	-
<b>Gross profit</b>		<u>2,850,417</u>	<u>883,995</u>	<u>1,636,614</u>	<u>220,964</u>
<b>Other items of income</b>					
Interest income	9	23,889	10,611	9,741	41
Other income	10	33,116	38,552	7	2,064
<b>Other items of expense</b>					
Distribution and selling costs		(155,021)	(133,357)	-	-
Administrative and general expenses		(551,023)	(293,938)	(9,016)	(13,847)
Finance costs		(34,399)	(79,601)	(7)	-
Share of results of an associate		(1,428)	(2,674)	-	-
<b>Profit before tax</b>	11	<u>2,165,551</u>	<u>423,588</u>	<u>1,637,339</u>	<u>209,222</u>
Income tax expenses	14	(376,721)	(56,042)	(217)	(4)
<b>Profit net of tax</b>		<u>1,788,830</u>	<u>367,546</u>	<u>1,637,122</u>	<u>209,218</u>
<b>Profit attributable to:</b>					
Owners of the parent		1,752,584	364,678	1,637,122	209,218
Holder of Perpetual Sukuk		25,605	-	-	-
Non-controlling interests		10,641	2,868	-	-
		<u>1,788,830</u>	<u>367,546</u>	<u>1,637,122</u>	<u>209,218</u>
<b>Earnings per share attributable to owners of the parent (sen):</b>					
<b>Before issuance of bonus shares</b>					
- Basic	15	67.60	14.27		
- Diluted	15	<u>67.28</u>	<u>14.21</u>		
<b>After issuance of bonus shares</b>					
- Basic	15	21.88	4.57		
- Diluted	15	<u>21.86</u>	<u>4.57</u>		

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

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**Top Glove Corporation Bhd.  
(Incorporated in Malaysia)**

**Statements of comprehensive income  
For the financial year ended 31 August 2020**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit net of tax	1,788,830	367,546	1,637,122	209,218
<b>Other comprehensive income/(loss):</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement on debt instrument at fair value through other comprehensive income	(2,084)	3,247	-	-
Cash flow hedge (Note 36)	77,601	(38,787)	-	-
Foreign currency translation differences of foreign operations	(7,521)	17,423	-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>67,996</u>	<u>(18,117)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>1,856,826</u>	<u>349,429</u>	<u>1,637,122</u>	<u>209,218</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	1,821,022	345,444	1,637,122	209,218
Holder of Perpetual Sukuk	25,605	-	-	-
Non-controlling interests	10,199	3,985	-	-
	<u>1,856,826</u>	<u>349,429</u>	<u>1,637,122</u>	<u>209,218</u>

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

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**Top Glove Corporation Bhd.**  
**(Incorporated in Malaysia)**

**Statement of financial position (Group)**  
**As at 31 August 2020**

		2020	2019	As at
	Note	RM'000	(Restated) RM'000	1.9.2018 (Restated) RM'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	16	3,010,233	2,480,026	2,104,762
Land use rights	17	-	178,495	127,029
Right-of-use assets	18	201,425	-	-
Investment property	19	163,900	163,900	163,900
Investment in an associate	21	10,425	11,853	14,527
Deferred tax assets	22	19,589	58,472	19,271
Biological assets		28	-	-
Investment securities	23	392	392	392
Intangible assets	24	1,012,319	1,015,970	1,019,635
		<u>4,418,311</u>	<u>3,909,108</u>	<u>3,449,516</u>
<b>Current assets</b>				
Inventories	25	530,729	629,896	505,862
Trade and other receivables	26	798,805	832,623	877,715
Other current assets	27	74,884	63,511	105,346
Investment securities	23	1,674,631	87,285	193,714
Derivative financial instruments	28	45	-	-
Cash and bank balances	29	1,208,559	165,782	165,197
		<u>4,287,653</u>	<u>1,779,097</u>	<u>1,847,834</u>
<b>Total assets</b>		<u>8,705,964</u>	<u>5,688,205</u>	<u>5,297,350</u>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Loans and borrowings	30	314,199	1,041,325	882,575
Trade and other payables	31	810,824	492,414	500,151
Contract liabilities	32	879,386	55,610	59,248
Lease liabilities	33	1,442	-	-
Income tax payable		126,673	789	8,741
Derivative financial instruments	28	-	1,653	856
		<u>2,132,524</u>	<u>1,591,791</u>	<u>1,451,571</u>
<b>Net current assets</b>		<u>2,155,129</u>	<u>187,306</u>	<u>396,263</u>

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**Top Glove Corporation Bhd.**  
**(Incorporated in Malaysia)**

**Statement of financial position (Group)**  
**As at 31 August 2020 (cont'd.)**

		<b>2020</b>	<b>2019</b>	<b>As at</b>
	<b>Note</b>	<b>RM'000</b>	<b>(Restated)</b>	<b>1.9.2018</b>
			<b>RM'000</b>	<b>(Restated)</b>
				<b>RM'000</b>
<b>Non-current liabilities</b>				
Loans and borrowings	30	226,340	1,379,369	1,330,359
Lease liabilities	33	9,672	-	-
Deferred tax liabilities	22	141,988	159,714	116,305
Provisions		4,557	3,190	719
		<u>382,557</u>	<u>1,542,273</u>	<u>1,447,383</u>
<b>Total liabilities</b>		<u>2,515,081</u>	<u>3,134,064</u>	<u>2,898,954</u>
<b>Net assets</b>		<u>6,190,883</u>	<u>2,554,141</u>	<u>2,398,396</u>
<b>Equity attributable to owners of the parent</b>				
Share capital	34	1,675,704	788,326	787,709
Treasury shares	35	(1,519)	(1,781)	(9,325)
Other reserves	36	65,040	(1,553)	6,663
Retained earnings	38	3,131,530	1,751,963	1,597,999
		<u>4,870,755</u>	<u>2,536,955</u>	<u>2,383,046</u>
Perpetual Sukuk	37	1,295,262	-	-
Non-controlling interests		24,866	17,186	15,350
<b>Total equity</b>		<u>6,190,883</u>	<u>2,554,141</u>	<u>2,398,396</u>
<b>Total equity and liabilities</b>		<u>8,705,964</u>	<u>5,688,205</u>	<u>5,297,350</u>

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



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**Top Glove Corporation Bhd.**  
**(Incorporated in Malaysia)**

**Statement of financial position (Company)**  
**As at 31 August 2020**

		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	20	1,617,656	1,031,056
Right-of-use assets	18	434	-
		<u>1,618,090</u>	<u>1,031,056</u>
<b>Current assets</b>			
Trade and other receivables	26	605,844	4,724
Other current assets	27	11	2,614
Tax recoverable		-	10
Investment securities	23	709,075	1
Cash and bank balances	29	257,481	74
		<u>1,572,411</u>	<u>7,423</u>
<b>Total assets</b>		<u><b>3,190,501</b></u>	<u><b>1,038,479</b></u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	31	2,571	1,542
Lease liabilities	33	72	-
Income tax payable		219	-
		<u>2,862</u>	<u>1,542</u>
<b>Net current assets</b>		<u><b>1,569,549</b></u>	<u><b>5,881</b></u>
<b>Non-current liability</b>			
Lease liabilities	33	366	-
<b>Total liabilities</b>		<u><b>3,228</b></u>	<u><b>1,542</b></u>
<b>Net assets</b>		<u><b>3,187,273</b></u>	<u><b>1,036,937</b></u>

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Top Glove Corporation Bhd.  
(Incorporated in Malaysia)

Statement of financial position (Company)  
As at 31 August 2020 (cont'd.)

	Note	2020 RM'000	2019 RM'000
<b>Equity attributable to owners of the Company</b>			
Share capital	34	1,675,704	788,326
Treasury shares	35	(1,519)	(1,781)
Other reserves	36	5,319	8,995
Retained earnings	38	1,507,769	241,397
<b>Total equity</b>		<b>3,187,273</b>	<b>1,036,937</b>
<b>Total equity and liabilities</b>		<b>3,190,501</b>	<b>1,038,479</b>

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

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**Top Glove Corporation Bhd.**  
**(Incorporated in Malaysia)**

**Statements of changes in equity**  
**For the financial year ended 31 August 2020**

2020 Group	<----- Attributable to owners of the parent ----->							
	Total equity attributable to owners		<----- Non-distributable ----->			Distributable		Non- controlling interests ("NCI")
	Total equity RM'000	of the parent RM'000	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Perpetual Sukuk RM'000	RM'000
<b>Opening balance at 1 September 2019</b>	2,554,141	2,536,955	788,326	(1,781)	(1,553)	1,751,963	-	17,186
Effect of adoption of MFRS 16 (Note 5)	(564)	(436)	-	-	(17)	(419)	-	(128)
<b>Adjusted balance at 1 September 2019</b>	<b>2,553,577</b>	<b>2,536,519</b>	<b>788,326</b>	<b>(1,781)</b>	<b>(1,570)</b>	<b>1,751,544</b>	<b>-</b>	<b>17,058</b>
Profit net of tax	1,788,830	1,752,584	-	-	-	1,752,584	25,605	10,641
Other comprehensive income/(loss)	67,996	68,438	-	-	68,438	-	-	(442)
<b>Total comprehensive income</b>	<b>1,856,826</b>	<b>1,821,022</b>	<b>-</b>	<b>-</b>	<b>68,438</b>	<b>1,752,584</b>	<b>25,605</b>	<b>10,199</b>
<b>Transactions with owners</b>								
Issuance of ordinary shares pursuant to Employee Share Options Scheme ("ESOS") (Note 39)	167,230	167,230	167,230	-	-	-	-	-
Share options granted under ESOS (Note 36)	7,404	7,404	-	-	7,404	-	-	-
Issuance of shares to NCI	75	-	-	-	-	-	-	75
Transfer from share option reserve (Note 34 and Note 36)	-	-	10,892	-	(11,080)	188	-	-
Transfer from retained earnings	-	-	-	-	1,848	(1,848)	-	-
Transfer to Employee Share Grant Plan ("ESGP") (Note 35)	1,128	1,128	-	262	-	866	-	-
Transaction cost	(417)	(417)	(417)	-	-	-	-	-
Conversion of exchangeable bonds	709,673	709,673	709,673	-	-	-	-	-
Distribution to holders of Perpetual Sukuk	(25,605)	-	-	-	-	-	(25,605)	-
Issuance of Perpetual Sukuk (Note 37)	1,295,262	-	-	-	-	-	1,295,262	-
Dividends on NCI	(2,466)	-	-	-	-	-	-	(2,466)
Dividends on ordinary shares (Note 47)	(371,804)	(371,804)	-	-	-	(371,804)	-	-
<b>Total transactions with owners</b>	<b>1,780,480</b>	<b>513,214</b>	<b>887,378</b>	<b>262</b>	<b>(1,828)</b>	<b>(372,598)</b>	<b>1,269,657</b>	<b>(2,391)</b>
<b>Closing balance at 31 August 2020</b>	<b>6,190,883</b>	<b>4,870,755</b>	<b>1,675,704</b>	<b>(1,519)</b>	<b>65,040</b>	<b>3,131,530</b>	<b>1,295,262</b>	<b>24,866</b>

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**Top Glove Corporation Bhd.**  
(Incorporated in Malaysia)

**Statements of changes in equity**  
**For the financial year ended 31 August 2020 (cont'd.)**

	<----- Attributable to owners of the parent ----->						Non-controlling interests ("NCI") RM'000
	Total equity attributable to owners of parent RM'000	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Distributable RM'000	
<b>2019 Group</b>							
<b>Opening balance at 1 September 2018</b>	2,398,396	2,383,046	787,709	(9,325)	6,663	1,597,999	15,350
Profit net of tax	367,546	364,678	-	-	-	364,678	2,868
Other comprehensive (loss)/income	(18,117)	(19,234)	-	-	(19,234)	-	1,117
<b>Total comprehensive income/(loss)</b>	<b>349,429</b>	<b>345,444</b>	<b>-</b>	<b>-</b>	<b>(19,234)</b>	<b>364,678</b>	<b>3,985</b>
<b>Transactions with owners</b>							
Issuance of ordinary shares pursuant to Employee Share Options Scheme ("ESOS") (Note 39)	662	662	662	-	-	-	-
Share options granted under ESOS (Note 36)	7,197	7,197	-	-	7,197	-	-
Issuance of shares to NCI	548	-	-	-	-	-	548
Transfer from share option reserve (Note 34 and Note 36)	-	-	41	-	(131)	90	-
Transfer from retained earnings	-	-	-	-	1,595	(1,595)	-
Transfer to legal reserve (Note 36)	-	-	-	-	924	(924)	-
Transfer to Employee Share Grant Plan ("ESGP") (Note 35)	2,716	2,716	-	1,327	-	1,389	-
Transaction cost	(86)	(86)	(86)	-	-	-	-
Equity component of exchangeable bonds	1,433	1,433	-	-	1,433	-	-
Sale of treasury shares	13,936	13,936	-	6,217	-	7,719	-
Dividends on NCI	(2,697)	-	-	-	-	-	(2,697)
Dividends on ordinary shares (Note 47)	(217,393)	(217,393)	-	-	-	(217,393)	-
<b>Total transactions with owners</b>	<b>(193,684)</b>	<b>(191,535)</b>	<b>617</b>	<b>7,544</b>	<b>11,018</b>	<b>(210,714)</b>	<b>(2,149)</b>
<b>Closing balance at 31 August 2019</b>	<b>2,554,141</b>	<b>2,536,955</b>	<b>788,326</b>	<b>(1,781)</b>	<b>(1,553)</b>	<b>1,751,963</b>	<b>17,186</b>

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

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**Top Glove Corporation Bhd.**  
**(Incorporated in Malaysia)**

**Statements of changes in equity**  
**For the financial year ended 31 August 2020**

	<----- Non-distributable ----->			Distributable	
	Total equity RM'000	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000
<b>2020</b>					
<b>Company</b>					
<b>Opening balance at 1 September 2019</b>	1,036,937	788,326	(1,781)	8,995	241,397
<b>Total comprehensive income</b>	1,637,122	-	-	-	1,637,122
<b>Transactions with owners</b>					
Issuance of ordinary shares pursuant to ESOS (Note 39)	167,230	167,230	-	-	-
Issuance of ordinary shares pursuant to conversion of exchangeable bonds	709,673	709,673	-	-	-
Share options granted under ESOS (Note 36)	7,404	-	-	7,404	-
Transfer from share option reserve (Note 34 and Note 36)	-	10,892	-	(11,080)	188
Transaction cost	(417)	(417)	-	-	-
Transfer to ESGP (Note 35)	1,128	-	262	-	866
Dividends on ordinary shares (Note 47)	(371,804)	-	-	-	(371,804)
<b>Total transactions with owners</b>	513,214	887,378	262	(3,676)	(370,750)
<b>Closing balance at 31 August 2020</b>	3,187,273	1,675,704	(1,519)	5,319	1,507,769

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Top Glove Corporation Bhd.  
(Incorporated in Malaysia)

Statements of changes in equity  
For the financial year ended 31 August 2020 (cont'd.)

	<----- Non-distributable ----->			Distributable	
	Total equity RM'000	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000
<b>2019 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 39)	662	662	-	-	-
Share options granted under ESOS (Note 36)	7,197	-	-	7,197	-
Transfer from share option reserve (Note 34 and Note 36)	-	41	-	(131)	90
Sale of treasury shares	13,936	-	6,217	-	7,719
Transaction cost	(86)	(86)	-	-	-
Transfer to ESGP (Note 35)	2,716	-	1,327	-	1,389
Dividends on ordinary shares (Note 47)	(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

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

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**Top Glove Corporation Bhd.**  
**(Incorporated in Malaysia)**

**Statements of cash flows**  
**For the financial year ended 31 August 2020**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Operating activities</b>				
Profit before tax	2,165,551	423,588	1,637,339	209,222
<u>Adjustments for :</u>				
Gross dividends	-	-	(1,630,710)	(215,590)
Depreciation on property, plant and equipment (Note 16)	237,352	188,817	-	-
Depreciation of right-of-use assets (Note 18)	4,361	-	33	-
Amortisation of land use rights (Note 17)	-	2,417	-	-
Amortisation of intangible assets (Note 24)	3,683	3,681	-	-
Loss on disposal of property, plant and equipment	353	1,965	-	-
Gain on disposal of land use right	-	(1,704)	-	-
Gain on disposal of right-of-use assets	(350)	-	-	-
Net loss from fair value remeasurement on investment property (Note 19)	-	(619)	-	-
Bad debts written off	573	-	-	-
(Gain)/loss on disposal of debt securities	(2,845)	349	-	-
Net reversal of allowance for expected credit loss (Note 26)	(227)	(898)	-	-
Allowance for inventories (written back)/ written down	(904)	929	-	-
Property, plant and equipment written off	20,223	8,795	-	-
Shares granted under ESGP	1,128	2,716	134	156
Share options granted under ESOS	7,404	7,197	904	778
Unrealised foreign exchange loss/(gain)	786	(2,552)	-	-
Share of results of an associate	1,428	2,674	-	-
Net fair value (gain)/loss on derivatives	(1,703)	811	-	-
Finance costs	34,399	79,601	7	-
Interest income	(23,889)	(10,611)	(9,741)	(41)
Total adjustments	<u>281,772</u>	<u>283,568</u>	<u>(1,639,373)</u>	<u>(214,697)</u>

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**Top Glove Corporation Bhd.**  
(Incorporated in Malaysia)

**Statements of cash flows**  
For the financial year ended 31 August 2020 (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Operating cash flows before changes in working capital</b>	2,447,323	707,156	(2,034)	(5,475)
<u>Changes in working capital</u>				
Inventories	100,071	(124,963)	-	-
Receivables	39,073	47,574	7,629	(1,554)
Other current assets	(11,373)	41,835	2,603	-
Payables	318,112	(2,386)	1,029	33
Contract liabilities	823,776	(3,638)	-	-
Total changes in working capital	<u>1,269,659</u>	<u>(41,578)</u>	<u>11,261</u>	<u>(1,521)</u>
<b>Cash flows generated from/(used in) operations</b>	3,716,982	665,578	9,227	(6,996)
Interest paid	(31,456)	(79,601)	-	-
Income taxes (paid)/refunded	<u>(229,945)</u>	<u>(59,786)</u>	<u>12</u>	<u>(2)</u>
<b>Net cash flows generated from/(used in) operating activities</b>	<u>3,455,581</u>	<u>526,191</u>	<u>9,239</u>	<u>(6,998)</u>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(806,400)	(568,143)	-	-
Purchase of land use rights	-	(55,553)	-	-
Purchase of right-of-use assets	(9,455)	-	-	-
Purchase of intangible assets	(32)	(16)	-	-
Purchase of biological assets	(28)	-	-	-
Additions to investment property	-	(393)	-	-
Placement of investment securities	(1,723,851)	(138,438)	(1,400,674)	(13,701)
Withdrawal of investment securities	136,505	247,569	691,600	13,702
Proceeds from disposal of right-of-use assets	763	3,440	-	-
Net decrease/(increase) in bank balances pledged with banks	2,472	(1,087)	-	-
Increase in monies held in debt service reserve account	(17)	(18)	-	-
Interest received	23,889	10,611	9,741	41
Dividends from subsidiaries	-	-	1,630,710	215,590
Proceeds from disposal of property, plant and equipment	6,651	8,565	-	-
Additions to investment in subsidiaries	-	-	(586,600)	(12,096)
Repayment from subsidiaries	-	-	108,418	6,266
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(2,369,503)</u>	<u>(493,463)</u>	<u>453,195</u>	<u>209,802</u>



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**Top Glove Corporation Bhd.**  
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**Statements of cash flows**

**For the financial year ended 31 August 2020 (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>				
Proceeds from issuance of ordinary shares pursuant to ESOS	167,230	662	167,230	662
Proceeds from sale of treasury shares	-	13,936	-	13,936
Transaction cost	(417)	(86)	(417)	(86)
Dividends paid on ordinary shares (Note 47)	(371,804)	(217,393)	(371,804)	(217,393)
Dividends paid on non-controlling interest	(2,466)	(2,697)	-	-
Issuance of shares to non-controlling interest	75	548	-	-
Repayment of loans and borrowings	(1,196,819)	(1,162,688)	-	-
Drawdown of loans and borrowings	94,662	518,753	-	-
Proceeds from issuance of exchangeable bonds	-	814,400	-	-
Proceeds from issuance of Perpetual Sukuk	1,295,262	-	-	-
Distribution paid to Perpetual Sukuk holders	(25,605)	-	-	-
Payment of principal portion of lease liabilities	(2,237)	-	(36)	-
<b>Net cash flows used in financing activities</b>	<b>(42,119)</b>	<b>(34,565)</b>	<b>(205,027)</b>	<b>(202,881)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,043,959</b>	<b>(1,837)</b>	<b>257,407</b>	<b>(77)</b>
Effect of changes in foreign exchange rate	1,273	2,828	-	-
<b>Cash and cash equivalents at 1 September 2019/2018</b>	<b>159,715</b>	<b>158,724</b>	<b>74</b>	<b>151</b>
<b>Cash and cash equivalents at 31 August (Note 29)</b>	<b>1,204,947</b>	<b>159,715</b>	<b>257,481</b>	<b>74</b>

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

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Top Glove Corporation Bhd.  
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Statements of cash flows  
For the financial year ended 31 August 2020 (cont'd.)

(a) Reconciliation of liabilities arising from financing activities

	←----- Movements ----->								
	←----- Cash flows ----->				←----- Non-cash changes ----->				
	1 September	Effect of	Principal	Interest	Interest	New	Equity	Foreign	31 August
	2019	adoption of	movement	paid	cost	leases	component of	exchange	2020
	RM'000	MFRS 16	RM'000	RM'000	RM'000	RM'000	exchangeable	movement	RM'000
		RM'000					bond	RM'000	
							RM'000		
<b>2020</b>									
<b>Group</b>									
Loans and borrowings (Note 30)	2,420,694	(637)	(1,102,157)	(31,445)	33,881	-	(709,673)	(70,124)	540,539
Lease liabilities (Note 33)	-	13,551	(2,237)	(11)	518	77	-	(784)	11,114
<b>Company</b>									
Lease liabilities (Note 33)	-	-	(36)	-	7	467	-	-	438

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Statements of cash flows  
For the financial year ended 31 August 2020 (cont'd.)

(a) Reconciliation of liabilities arising from financing activities (cont'd.)

	<----- Movements ----->								
	<----- Cash flows ----->				<----- Non-cash changes ----->				
	1 September 2018 RM'000	Effect of adopting MFRS 16 RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost RM'000	New leases RM'000	Equity component of exchangeable bond RM'000	Foreign exchange movement RM'000	31 August 2019 RM'000
2019 Group									
Loans and borrowings (Note 30)	2,211,423	-	170,465	(79,601)	79,601	-	(1,433)	40,239	2,420,694

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

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**Top Glove Corporation Bhd.**  
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**Notes to the financial statements**  
**For the financial year ended 31 August 2020**

## **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 20. 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.

**Top Glove Corporation Bhd.  
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**3. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 31 August 2020. 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 in 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.

**Top Glove Corporation Bhd.  
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**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.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or if significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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.

**Top Glove Corporation Bhd.  
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**4. Summary of significant accounting policies (cont'd.)**

**4.1 Business combinations and goodwill (cont'd.)**

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 statement 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.

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 statement 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.

**Top Glove Corporation Bhd.  
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**4. Summary of significant accounting policies (cont'd.)**

**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 statement of profit or loss, consolidated statement of comprehensive income and within equity in the consolidated statement 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 over in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. 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.



**Top Glove Corporation Bhd.  
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**4. Summary of significant accounting policies (cont'd.)**

**4.4 Investment in an associate (cont'd.)**

The Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is measured in the consolidated statement 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 impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss within share of profit of an associate in the statement of profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of associate 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.

**Top Glove Corporation Bhd.  
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**4. Summary of significant accounting policies (cont'd.)**

**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 statement 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 statement of profit or loss.

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

**4.5 Intangible assets (cont'd.)**

**(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.

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.

**4.6 Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on 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.

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

**4.6 Current versus non-current classification (cont'd.)**

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.

The Group classifies all other liabilities 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.

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

**4.7 Fair value measurement (cont'd.)**

The Group uses 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.

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 as per the Group's accounting policies. 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.

**Top Glove Corporation Bhd.  
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**4. Summary of significant accounting policies (cont'd.)**

**4.7 Fair value measurement (cont'd.)**

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, the Group has determined classes of assets and liabilities on the basis of 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 consolidated financial statements are presented in RM which is also the parent company's functional currency. For each entity, the Group determines the 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).

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

**4.8 Foreign currencies (cont'd.)**

**(b) Transactions and balances (cont'd.)**

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

**(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 profit or loss 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.

**4.9 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.

**Top Glove Corporation Bhd.  
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**4. Summary of significant accounting policies (cont'd.)**

**4.9 Revenue and other income recognition (cont'd.)**

**(a) Sale of goods (cont'd.)**

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 expenses in the year in which the associated services are rendered by employees. Short term accumulated 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.



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

**4.10 Employee benefits (cont'd.)**

**(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").

**(c) Employee share option plans**

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 or not 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.

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

**4.10 Employee benefits (cont'd.)**

**(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 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 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 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 statement 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

**4.11 Taxes (cont'd.)**

**(b) Deferred tax (cont'd.)**

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

- (i) when 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
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associate, when 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 any unused tax losses. Deferred tax assets are recognised 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) when 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 re-assessed 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.

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

**4.11 Taxes (cont'd.)**

**(b) Deferred tax (cont'd.)**

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 OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

**(c) Sales and services tax ("SST")**

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

- (i) when the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the SST is 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 SST included.

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

**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.

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

**4.13 Property, plant and equipment**

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and 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 and any significant part initially recognised 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 on derecognition of the asset is included in the statement of profit or loss when the asset is derecognised.

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

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

**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, including the corresponding tax effect.

Investment property is derecognised either when it has been disposed of (i.e. at the date the recipient obtains control) 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. If owner-occupied property becomes an investment property, the Group accounts for such property 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.

**4.15 Leases**

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

**4.15 Leases (cont'd.)**

**Group as a lessee**

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(a) Right-of-use assets**

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold lands	50 to 100 years
Buildings	20 to 50 years
Plant and equipment	10 to 20 years
Other assets	5 to 10 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in Note 4.17 Impairment of non-financial assets.

**(b) Lease liabilities**

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

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

**4.15 Leases (cont'd.)**

**(b) Lease liabilities (cont'd.)**

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(c) Short-term leases and leases of low-value assets**

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of hostels, ambulance, automated teller machine (ATM) and forklift (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of photocopiers that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**Group as a lessor**

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging 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.



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

**4.16 Inventories**

Inventories are valued 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.
- 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**

The Group assesses, at each reporting date, 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The 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.

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.

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

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

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. 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 for goodwill 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.

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

**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 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.

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.

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

**4.18 Financial instruments (cont'd.)**

**(a) Financial assets (cont'd.)**

**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.

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

**4.18 Financial instruments (cont'd.)**

**(a) Financial assets (cont'd.)**

**Subsequent measurement (cont'd.)**

**(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 statement 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.

**(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.

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**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 (cont'd.)**

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

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

**4.18 Financial instruments (cont'd.)**

**(a) Financial assets (cont'd.)**

**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 their 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.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have 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 their 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.

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

**4.18 Financial instruments (cont'd.)**

**(a) Financial assets (cont'd.)**

**Impairment of financial assets (cont'd.)**

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.



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

**4.18 Financial instruments (cont'd.)**

**(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.

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 statement 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 as at fair value through profit or loss.

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

##### **4.18 Financial instruments (cont'd.)**

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

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

The measurement of financial liabilities depends on their classification, as described below (cont'd.):

###### **(iii) Financial liabilities at amortised cost (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 statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 30.

###### **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 statement 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 statement 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.

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**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.

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

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

**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 statement 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.

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.

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

**4.21 Equity instruments and related 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 and Perpetual Sukuk are classified as equity instruments.

Dividends on ordinary shares and distribution on Perpetual Sukuk are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

**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 and the Company'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 the Group has a present obligation (legal or constructive) as a result of a past event, 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 the Group expects 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.

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

**4.24 Provisions (cont'd.)**

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.

**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 46, including the factors used to identify the reportable segments and the measurement basis of segment information.

**4.28 Biological assets**

Biological assets comprise immature planted trees and are classified as non-current assets. It is expected to be harvested and sold.

Immature planted trees are reclassified to mature planted trees when they are commercially productive and available for harvest. In general, a paulownia bearer plant takes about 3 years to reach maturity from the time of planting the seedlings to the field.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

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**5. New and amended standards and interpretations**

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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

The adoption of the above accounting standards, amendments and interpretations, where relevant, did not have any significant impact on the financial performance or position of the Group and of the Company, with the exception of MFRS 16 Leases as stated below:

**MFRS 16 Leases**

MFRS 16 supersedes 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. The standard 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. The standard includes two recognition exemptions for lessees, leases of low-value assets and short-term leases with a lease term of 12 months or less. 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 separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 September 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

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**5. New and amended standards and interpretations (cont'd.)**

**MFRS 16 Leases (cont'd.)**

The effect of adoption MFRS 16 as at 1 September 2019 is, as follows:

	<b>Group Increase/ (decrease) RM'000</b>
<b>Assets</b>	
Right-of-use assets (Note 18)	197,731
Property, plant and equipment (Note 16)	(6,886)
Land use rights (Note 17)	(178,495)
<b>Total assets</b>	<u>12,350</u>
<b>Liabilities</b>	
Loans and borrowings	(637)
Lease liabilities (Note 33)	13,551
<b>Total liabilities</b>	<u>12,914</u>
<b>Total adjustment on equity</b>	
Retained earnings	(419)
Foreign exchange reserve	(17)
Non-controlling interests	(128)
	<u>(564)</u>

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- (i) Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (ii) Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- (iii) Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- (iv) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- (v) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.



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**5. New and amended standards and interpretations (cont'd.)**

**MFRS 16 Leases (cont'd.)**

The lease liabilities as at 1 September 2019 can be reconciled to the operating lease commitments as of 31 August 2019, as follows:

	<b>Group RM'000</b>
<b>Assets</b>	
Operating lease commitments as at 31 August 2019	8,657
Less:	
Commitments relating to short-term leases	(2,233)
Commitments relating to leases of low-value assets	<u>(1,256)</u>
	5,168
Weighted average incremental borrowing rate as at 1 September 2019	<u>3.95%</u>
Discounted operating lease commitments as at 1 September 2019	4,609
Add:	
Commitments relating to leases previously classified as finance leases	637
Lease payments relating to renewal periods not included in operating lease commitments as at 31 August 2019	<u>8,305</u>
Lease liabilities as at 1 September 2019 (Note 33)	<u><u>13,551</u></u>

**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.

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022

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

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. (cont'd.)

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company will adopt the abovementioned standards, amendments and interpretations, if applicable, when they become effective in the respective financial year. These pronouncements are not expected to have any impact to the financial statements of the Group and of the Company upon their initial application.

**7. Significant accounting judgements, estimates and assumptions**

The preparation of the Group's and of the Company's 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.

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**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.

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

**7.2 Estimates and assumptions (cont'd.)**

**(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 24.

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**8. Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue from contracts with customers</b>				
Geographical markets				
Malaysia	6,223,145	4,086,042	-	-
Thailand	540,005	391,385	-	-
The People's Republic of China	127,500	88,568	-	-
Others	346,777	235,144	-	-
	<u>7,237,427</u>	<u>4,801,139</u>	<u>-</u>	<u>-</u>
<b>Revenue from other sources</b>				
Management fees from subsidiaries	-	-	5,904	5,374
Dividend income from subsidiaries	-	-	1,630,710	215,590
	<u>-</u>	<u>-</u>	<u>1,636,614</u>	<u>220,964</u>
Total revenue	<u>7,237,427</u>	<u>4,801,139</u>	<u>1,636,614</u>	<u>220,964</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point of time	<u>7,237,427</u>	<u>4,801,139</u>	<u>-</u>	<u>-</u>

**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 (2019: 30 to 90) days.

The transaction price allocated to the remaining performance obligations (unsatisfied) as at 31 August 2020 and 2019 are, as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Within one year	<u>879,386</u>	<u>55,610</u>	<u>-</u>	<u>-</u>

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

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**9. Interest income**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income from:				
Financial assets at fair value through other comprehensive income	1,006	3,970	-	-
Financial assets at amortised cost	5,456	3,996	5,567	21
Financial assets at fair value through profit or loss	17,157	2,616	4,174	20
Others	270	29	-	-
	<u>23,889</u>	<u>10,611</u>	<u>9,741</u>	<u>41</u>

**10. Other income**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Realised gain on foreign exchange	-	-	7	-
Unrealised gain on foreign exchange	-	2,552	-	-
Net fair value gain on derivatives	1,703	-	-	-
Net gain from fair value remeasurement on investment property (Note 19)	-	619	-	-
Rental income	7,286	10,461	-	-
Gain on disposal of debt securities	2,845	-	-	-
Gain on disposal of land use rights	-	1,704	-	-
Gain on disposal of right-of-use assets	350	-	-	-
Sales of scrap items	6,354	11,842	-	-
Insurance claims	1,843	899	-	-
Sundry income	11,831	10,475	-	2,064
Allowance for inventories written back	904	-	-	-
	<u>33,116</u>	<u>38,552</u>	<u>7</u>	<u>2,064</u>

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**11. Profit before tax**

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
Company's auditors				
- Statutory audit				
- Current year	499	317	80	80
- Over provision in prior years	-	(23)	-	(5)
- Other services	192	572	112	142
Other auditors				
- Statutory audit				
- Current year	551	708	-	-
- Under/(over) provision in prior years	80	(7)	-	-
Allowance for inventories written down	-	929	-	-
Bad debts written off	573	-	-	-
Depreciation on property, plant and equipment (Note 16)	237,352	188,817	-	-
Amortisation of land use rights (Note 17)	-	2,417	-	-
Depreciation of right-of-use assets (Note 18)	4,361	-	33	-
Amortisation of intangible assets (Note 24)	3,683	3,681	-	-
Direct operating expenses arising from investment property				
- Rental generating property	868	894	-	-
Net loss on foreign exchange				
- realised	80,949	13,186	-	2
- unrealised	786	-	-	-
Net fair value loss on derivatives	-	811	-	-
Employee benefits expenses (Note 12)	694,500	589,769	5,782	5,150
Non-executive directors' remuneration (Note 13)	2,033	1,326	1,775	1,071
Operating lease - Minimum lease payment for land, building and machinery	-	5,966	-	88
Loss on disposal of property, plant and equipment	353	1,965	-	-
Loss on disposal of debt securities	-	349	-	-
Remediation costs	135,790	-	-	-
Legal and other professional fees	23,343	12,445	2,038	4,702
Net reversal of allowance for expected credit loss (Note 26)	(227)	(898)	-	-
Property, plant and equipment written off	20,223	8,795	-	-

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**12. Employee benefits expenses**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages and salaries	608,509	517,460	3,626	3,264
Social security costs	9,013	6,087	2	2
Pension costs - defined contribution plan	31,863	24,961	412	350
Share options granted under ESOS	7,404	7,197	904	778
Shares granted under ESGP	1,128	2,716	134	156
Other staff related expenses	36,014	30,935	184	234
Executive directors' fees	569	413	520	366
	<b>694,500</b>	<b>589,769</b>	<b>5,782</b>	<b>5,150</b>

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM11,257,000 (2019: RM10,857,000) and RM5,211,000 (2019: RM4,675,000) respectively as further disclosed in Note 13.

**13. Directors' remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	5,229	4,785	3,693	3,289
Pension costs - defined contribution plan	430	397	400	332
Social security contributions	2	1	1	1
Share options granted under ESOS	629	689	597	589
Shares granted under ESGP	-	138	-	98
Fees	520	366	520	366
Benefits-in-kind	110	82	77	60
	<b>6,920</b>	<b>6,458</b>	<b>5,288</b>	<b>4,735</b>
Non-executive:				
Fees	1,589	872	1,589	872
Other emoluments	442	452	186	199
	<b>2,031</b>	<b>1,324</b>	<b>1,775</b>	<b>1,071</b>



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**13. Directors' remuneration (cont'd.)**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Other directors</b>				
Executive:				
Salaries and other emoluments	3,985	3,901	-	-
Pension costs - defined contribution plan	289	332	-	-
Social security contributions	10	9	-	-
Share options granted under ESOS	113	185	-	-
Shares granted under ESGP	1	7	-	-
Fees	49	47	-	-
Benefits-in-kind	139	112	-	-
	<u>4,586</u>	<u>4,593</u>	<u>-</u>	<u>-</u>
Non-executive:				
Fees	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 12)	11,257	10,857	5,211	4,675
Total non-executive directors' remuneration (Note 11)	<u>2,033</u>	<u>1,326</u>	<u>1,775</u>	<u>1,071</u>
Total directors' remuneration (excluding benefits-in-kind)	13,290	12,183	6,986	5,746
Benefits-in-kind	<u>249</u>	<u>194</u>	<u>77</u>	<u>60</u>
Total directors' remuneration (including benefits-in-kind)	<u>13,539</u>	<u>12,377</u>	<u>7,063</u>	<u>5,806</u>

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**14. Income tax expenses**

Major components of income tax expenses

The major components of income tax expenses for the years ended 31 August 2020 and 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current income tax:				
- Malaysian income tax	314,913	57,329	213	-
- Foreign tax	46,765	6,097	-	-
- Real property gain tax ("RPGT")	54	301	-	-
- (Over)/under provision in respect of previous years	(5,903)	(11,867)	4	4
	<u>355,829</u>	<u>51,860</u>	<u>217</u>	<u>4</u>
Deferred income tax (Note 22):				
- Relating to origination and reversal of temporary differences	18,212	11,396	-	-
- Under/(over) provision in respect of previous years	2,680	(7,214)	-	-
	<u>20,892</u>	<u>4,182</u>	<u>-</u>	<u>-</u>
Income tax expenses recognised in profit or loss	<u>376,721</u>	<u>56,042</u>	<u>217</u>	<u>4</u>

Reconciliation between tax expenses and accounting profit

The reconciliation between tax expenses and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2020 and 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	<u>2,165,551</u>	<u>423,588</u>	<u>1,637,339</u>	<u>209,222</u>
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	519,732	101,661	392,961	50,213
<u>Adjustments:</u>				
Different tax rates in other countries	(10,954)	(656)	-	-
Effects of tax incentives claimed by foreign subsidiaries	(14,121)	(4,241)	-	-
Income not subject to tax	(7,387)	(5,369)	(393,497)	(52,247)

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**14. Income tax expenses (cont'd.)**

Reconciliation between tax expenses and accounting profit (cont'd.)

The reconciliation between tax expenses and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2020 and 2019 are as follows (cont'd.):

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Effect of change in RPGT	(43)	1,998	-	-
Non-deductible expenses	28,077	34,477	745	2,061
Effect of income subject to RPGT	54	301	-	-
Expenses entitled for double deduction	(1,502)	(74)	-	-
Utilisation of tax incentives	(45,434)	(23,178)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(119)	(446)	-	(27)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowance	477	2,218	4	-
Deferred tax assets recognised in respect of reinvestment allowance	(89,179)	(32,210)	-	-
Share of results of an associate	343	642	-	-
Under/(over) provision of deferred tax in respect of previous years	2,680	(7,214)	-	-
(Over)/under provision of income tax in respect of previous years	(5,903)	(11,867)	4	4
Income tax expenses recognised in profit or loss	<u>376,721</u>	<u>56,042</u>	<u>217</u>	<u>4</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 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.

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**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.

	<b>2020</b>	<b>2019</b>
Profit net of tax attributable to owners of the parent (RM'000)	<u>1,752,584</u>	<u>364,678</u>
Weighted average number of ordinary shares in issue ('000)	2,592,546	2,555,009
Bonus issue subsequent to year end, excluding treasury shares held by the Company ('000) (Note 51)	<u>5,417,395</u>	<u>5,417,395</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,009,941</u>	<u>7,972,404</u>
Basic earnings per share (sen)		
- before issuance of bonus shares (sen)	67.60	14.27
- after issuance of bonus shares (sen)	<u>21.88</u>	<u>4.57</u>

**(b) Diluted**

Before issuance of bonus shares

Diluted earnings per share before issuance of bonus shares 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.

	<b>2020</b>	<b>2019</b>
Profit net of tax attributable to owners of the parent (RM'000)	1,752,584	364,678
Net interest savings from assumed exchange of Guaranteed Exchangeable Bonds at inception (RM'000)	<u>6,970</u>	<u>16,992</u>
Adjusted profit net of tax attributable to owners of the parent (RM'000)	<u>1,759,554</u>	<u>381,670</u>
Weighted average number of ordinary shares in issue ('000)	2,592,546	2,555,009
Effect of dilution from:		
Assume exercise of share options ('000)	5,723	386
Assume conversion of exchangeable bond ('000)	<u>17,113</u>	<u>131,215</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>2,615,382</u>	<u>2,686,610</u>
Diluted earnings per share (sen)	<u>67.28</u>	<u>14.21</u>

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

**(b) Diluted (cont'd.)**

After issuance of bonus shares

Diluted earnings per share after issuance of bonus shares 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 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.

For the financial year ended 31 August 2020 and 2019, potential ordinary shares from conversion of exchangeable bonds are anti-dilutive after issuance of bonus shares subsequent to year end, as their inclusion in the diluted profit per share calculation would increase the profit per share, and hence have been excluded.

	<b>2020</b>	<b>2019</b>
Profit net of tax attributable to owners of the parent (RM'000)	<u>1,752,584</u>	<u>364,678</u>
Weighted average number of ordinary shares in issue ('000)	2,592,546	2,555,009
Effect of dilution from:		
Assume exercise of share options ('000)	<u>5,723</u>	<u>386</u>
	2,598,269	2,555,395
Bonus issue subsequent to year end, excluding treasury shares held by the Company ('000) (Note 51)	<u>5,417,395</u>	<u>5,417,395</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,015,664</u>	<u>7,972,790</u>
Diluted earnings per share (sen)	<u>21.86</u>	<u>4.57</u>

The weighted average number of ordinary shares issued as at 31 August 2020 and 2019 have been adjusted to reflect the bonus issue of 2 for 1 existing ordinary shares which was completed on 7 September 2020 (2019: bonus issue of 1 for 1 existing ordinary shares which was completed on 29 October 2018). Further details are disclosed in Note 51.

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**16. Property, plant and equipment**

<b>Group</b>	<b>Land and buildings RM'000</b>	<b>Plant and equipment RM'000</b>	<b>* Other assets RM'000</b>	<b>Capital work-in-progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
<b>At 1 September 2018</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/ 1 September 2019</b>	1,045,571	1,944,651	250,006	309,488	3,549,716
Effect of adoption of MFRS 16	(4,093)	(671)	(3,084)	-	(7,848)
<b>At 1 September 2019, restated</b>	1,041,478	1,943,980	246,922	309,488	3,541,868
Additions	116,434	375,235	52,688	262,043	806,400
Reclassification	51,533	217,002	12,739	(281,274)	-
Written off	(374)	(39,339)	(2,342)	(75)	(42,130)
Disposals	(1,007)	(23,721)	(703)	(145)	(25,576)
Exchange differences	(2,448)	(6,468)	(550)	(185)	(9,651)
<b>At 31 August 2020</b>	1,205,616	2,466,689	308,754	289,852	4,270,911

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

<b>Group</b>	<b>Land and buildings RM'000</b>	<b>Plant and equipment RM'000</b>	<b>* Other assets RM'000</b>	<b>Capital work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Accumulated depreciation</b>					
<b>At 1 September 2018</b>	86,680	772,798	96,506	-	955,984
Depreciation charged 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/ 1 September 2019</b>	93,477	852,925	123,288	-	1,069,690
Effect of adoption of MFRS 16	(113)	(166)	(683)	-	(962)
<b>At 1 September 2019, restated</b>	93,364	852,759	122,605	-	1,068,728
Depreciation charged for the year (Note 11)	14,379	194,051	28,922	-	237,352
Reclassification	(37)	603	(566)	-	-
Written off	(32)	(19,808)	(2,067)	-	(21,907)
Disposals	(342)	(17,519)	(711)	-	(18,572)
Exchange differences	(348)	(4,247)	(328)	-	(4,923)
<b>At 31 August 2020</b>	106,984	1,005,839	147,855	-	1,260,678
<b>Net carrying amount</b>					
At 31 August 2019	952,094	1,091,726	126,718	309,488	2,480,026
At 31 August 2020	1,098,632	1,460,850	160,899	289,852	3,010,233

\* Other assets comprise motor vehicles, computer and software systems, office equipment, signages, small value of assets, fire extinguishers, furniture and equipment.

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

**Land and buildings**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
<b>At 1 September 2018</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 2019/1 September 2019</b>	<b>435,466</b>	<b>610,105</b>	<b>1,045,571</b>
Effect of adoption of MFRS 16	-	(4,093)	(4,093)
<b>At 1 September 2019, restated</b>	<b>435,466</b>	<b>606,012</b>	<b>1,041,478</b>
Additions	47,128	69,306	116,434
Reclassification	4,438	47,095	51,533
Written off	-	(374)	(374)
Disposals	-	(1,007)	(1,007)
Exchange differences	(767)	(1,681)	(2,448)
<b>At 31 August 2020</b>	<b>486,265</b>	<b>719,351</b>	<b>1,205,616</b>
<b>Accumulated depreciation</b>			
<b>At 1 September 2018</b>	-	86,680	86,680
Depreciation charged 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 2019/1 September 2019</b>	<b>-</b>	<b>93,477</b>	<b>93,477</b>
Effect of adoption of MFRS 16	-	(113)	(113)
<b>At 1 September 2019, restated</b>	<b>-</b>	<b>93,364</b>	<b>93,364</b>
Depreciation charged for the year	-	14,379	14,379
Reclassification	-	(37)	(37)
Written off	-	(32)	(32)
Disposals	-	(342)	(342)
Exchange differences	-	(348)	(348)
<b>At 31 August 2020</b>	<b>-</b>	<b>106,984</b>	<b>106,984</b>
<b>Net carrying amount</b>			
At 31 August 2019	435,466	516,628	952,094
At 31 August 2020	486,265	612,367	1,098,632



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

(a) Property, plant and equipment of subsidiaries with the following net carrying amount is under finance lease arrangements as disclosed in Note 30.

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Plant and equipment	-	504
Motor vehicles	-	279
	<u>-</u>	<u>783</u>

**17. Land use rights**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
<b>At 1 September 2019/2018</b>	186,714	132,855
Effect of adoption of MFRS 16	(186,714)	-
<b>At 1 September 2019/2018, restated</b>	<u>-</u>	<u>132,855</u>
Additions	-	55,553
Disposals	-	(1,762)
Exchange differences	-	68
<b>At 31 August</b>	<u>-</u>	<u>186,714</u>
<b>Accumulated amortisation</b>		
<b>At 1 September 2019/2018</b>	8,219	5,826
Effect of adoption of MFRS 16	(8,219)	-
<b>At 1 September 2019/2018, restated</b>	<u>-</u>	<u>5,826</u>
Amortisation for the year (Note 11)	-	2,417
Disposals	-	(26)
Exchange differences	-	2
<b>At 31 August</b>	<u>-</u>	<u>8,219</u>
<b>Net carrying amount</b>	<u>-</u>	<u>178,495</u>
Amount to be amortised:		
- Not later than one year	-	3,430
- Later than one year but not later than five years	-	10,869
- Later than five years	-	164,196
	<u>-</u>	<u>178,495</u>

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18. Right-of-use assets

Group	Land RM'000	Buildings RM'000	Plant and equipment RM'000	* Other assets RM'000	Total RM'000
<b>At 1 September 2019</b>	-	-	-	-	-
Effect of adoption of MFRS 16 (Note 5)	182,897	13,119	638	1,077	197,731
<b>At 1 September 2019, restated</b>	182,897	13,119	638	1,077	197,731
Additions	9,347	108	-	77	9,532
Depreciation charged for the year (Note 11)	(2,674)	(1,319)	(93)	(275)	(4,361)
Disposals	(304)	-	(109)	-	(413)
Exchange differences	(448)	(616)	-	-	(1,064)
<b>At 31 August 2020</b>	188,818	11,292	436	879	201,425

Company	Buildings RM'000
<b>At 1 September 2019</b>	-
Additions	467
Depreciation charged for the year (Note 11)	(33)
<b>At 31 August 2020</b>	434

\* Other assets comprise motor vehicles and office equipment.

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**19. Investment property**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value of investment property (Note 42)	163,900	163,900

	<b>Freehold land and building</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>Fair value</b>		
<b>At 1 September 2019/2018</b>	163,900	163,900
Additions from subsequent expenditure	-	393
Adjustment on overaccrual of cost in prior year	-	(1,012)
Net gain from fair value remeasurement (Note 10)	-	619
<b>At 31 August</b>	<u>163,900</u>	<u>163,900</u>

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.

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range</b>	
			<b>2020</b>	<b>2019</b>
Freehold land and building	Investment method	Estimated rental value per square feet per month	RM4.50 to RM5.50	RM4.50 to RM5.50
		Term yield rate	6.5%	6.5%
		Occupancy rate	92.0%	87.0%
		Long term vacancy rate	10.0%	10.0%
		Reversionary yield rate	7.0%	7.0%

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**19. Investment property (cont'd.)**

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 cost, 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.

**20. Investment in subsidiaries**

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost:		
- In Malaysia	1,618,773	1,032,173
Less: Accumulated impairment losses	<u>(4,845)</u>	<u>(4,845)</u>
	1,613,928	1,027,328
- Outside Malaysia	<u>3,728</u>	<u>3,728</u>
	<u>1,617,656</u>	<u>1,031,056</u>

**(a) Incorporation of TG Healthcare Sdn. Bhd. ("TG Healthcare")**

On 3 January 2020, the Company, incorporated TG Healthcare in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1.00 comprising 1 ordinary share. The Company owns the entire issued and paid-up share capital of TG Healthcare upon which, TG Healthcare becomes 100% subsidiary of the Company.

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**20. Investment in subsidiaries (cont'd.)**

**(b) Acquisition of additional equity interest in subsidiaries**

**(i) Top Feel Sdn. Bhd.**

On 16 April 2020, Top Feel Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM2,650,000 to RM17,650,000.

**(ii) Top Glove Engineering Sdn. Bhd.**

On 24 April 2020, Top Glove Engineering Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM3,155,000 to RM38,155,000.

**(iii) Top Care Sdn. Bhd.**

On 29 June 2020 and 12 August 2020, Top Care Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital by RM267,000,000 and RM267,000,000 respectively.

**(iv) TG Healthcare Sdn. Bhd.**

On 13 August 2020, TG Healthcare Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM1 to RM2,600,000.

Details of the subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<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 examination, surgical, and nitrile gloves, general trading and investment holding
Great Glove (Malaysia) Sdn. Bhd.#	Malaysia	100	100	Company temporarily ceased business operation

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**20. Investment in subsidiaries (cont'd.)**

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<b>Held by the Company (cont'd):</b>				
Top Glove Engineering Sdn. Bhd.#	Malaysia	100	100	Manufacturing and supply of engineering parts and rubber glove machinery
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	Manufacturing of packaging materials, boxes and cartons
Top Feel Sdn. Bhd.#	Malaysia	100	100	Manufacture and sale of condoms, rubber related products, and disposable and medical face masks
Top Glove Labuan Ltd.#	Malaysia	100	100	Investment holding
Top Glove Global Sdn. Bhd.#	Malaysia	100	100	Provision of management services
TG Healthcare Sdn. Bhd.#	Malaysia	100	-	Manufacturing and trading of homecare and personal care products

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**20. Investment in subsidiaries (cont'd.)**

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<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 rubber products
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, consultancy services and electrical engineering works

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**20. Investment in subsidiaries (cont'd.)**

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<b>Held through Top Glove Sdn. Bhd. (cont'd.):</b>				
Medi-Flex Pte. Ltd. ("Medi-Flex")#	Singapore/ Malaysia	100	100	Investment holding
BestStar Enterprise Ltd.*	The British Virgin Islands/ Malaysia	100	100	Investment holding
Flexitech Sdn. Bhd.*	Malaysia	100	100	Manufacturing of glove, general trading, property investment
TG Porcelain Sdn. Bhd.#	Malaysia	100	100	Manufacturing of formers
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 functional fillers
Top Glove Chemicals Sdn. Bhd.#	Malaysia	100	100	Providing advisory services and manufacturing of chemicals and chemical compounds
Top Glove Vietnam Company Limited#	Vietnam	100	100	Manufacturing of vinyl gloves and other products
TG Excellence Berhad*	Malaysia	100	-	Special purpose vehicle solely for issuance of Perpetual Sukuk



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**20. Investment in subsidiaries (cont'd.)**

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<b>Held through Top Glove Sdn. Bhd. (cont'd.):</b>				
Top Academy Sdn. Bhd.#	Malaysia	100	-	Organise in-house trainings and public trainings/programs
<b>Held through Great Glove (Malaysia) Sdn. Bhd.:</b>				
TG Meditech Sdn. Bhd. (Formerly known as Top Catheter Sdn. Bhd.)#	Malaysia	100	100	Manufacturing and trading of healthcare products
<b>Held through TG Medical Sdn. Bhd.:</b>				
Top Healthy Fitness Sdn. Bhd.#	Malaysia	100	100	Establishing and maintaining of fitness related business, including healthcare, slimming centres, gymnasiums and other related activities
TG Raytech Sdn. Bhd.#	Malaysia	97.5	95	Providing innovative healthcare related products and service solutions
Top Synthetic Rubber Sdn. Bhd.#	Malaysia	100	100	Manufacturing and trading of chemical products

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**20. Investment in subsidiaries (cont'd.)**

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<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 and healthcare related products
TG Medical (Putian) Co. Ltd.#	The People's Republic of China	100	100	Trading of gloves and healthcare related products
<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
<b>Held through Best Advance:</b>				
PT. Topglove Indonesia#^^	Indonesia	100	100	Providing management services in plantation sector, and processing of plantation produce.

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20. Investment in subsidiaries (cont'd.)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<b>Held through PT. Top Glove Indonesia:</b>				
PT. Agro Pratama Sejahtera#	Indonesia	95	95	Industrial Forest Plantation
<b>Held through PT. Agro Pratama Sejahtera:</b>				
PT. Top Green Forestry#Ω	Indonesia	57	57	Forestry and Industry
<b>Held through Aspion Sdn. Bhd.:</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

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**20. Investment in subsidiaries (cont'd.)**

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<b>Held through Aspion Sdn. Bhd. (cont'd.):</b>				
Ulma International GmbH#	Germany	100	100	Distribution of medical gloves and other hospital related products
Suizze Health Ltd#	Hong Kong/ Malaysia	100	100	Investment holding
<b>Held through GMP Medicare Sdn. Bhd.:</b>				
TG Ecommerce Sdn. Bhd.#	Malaysia	100	-	E-commerce activities for glove trading and other healthcare products
<b>Held through Suizze Health Limited:</b>				
Kevenoll Do Brasil Produtos Medicos Hospitalares LTDA#^^^	Brazil	100	100	Distribution of medical products and medical devices

\* Audited by Ernst & Young, Malaysia

# 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:

	2020	2019
(i) Top Glove Sdn. Bhd.	61.5%	100.0%
(ii) TG Medical Sdn. Bhd.	38.5%	-

^^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

	2020	2019
(i) Best Advance Resources Limited	99.9%	99.9%
(ii) Green Resources Limited	0.1%	0.1%

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**20. Investment in subsidiaries (cont'd.)**

^^ The total equity interests held by the Group is 97.2% and it is held by the following subsidiaries:

	<b>2020</b>	<b>2019</b>
(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:

	<b>2020</b>	<b>2019</b>
(i) Aspion Sdn Bhd	0.1%	0.1%
(ii) Suizze Health Ltd	99.9%	99.9%

Ω The total equity interests held by the Group is 57% and it is held by the following subsidiaries:

	<b>2020</b>	<b>2019</b>
PT. Agro Pratama Sejahtera	60.0%	60.0%

**Changes in group structure**

**(a) Incorporation of TG Excellence Berhad ("TG Excellence")**

On 18 September 2019, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd., incorporated TG Excellence 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 TG Excellence upon which, TG Excellence becomes 100% sub-sub-subsidiary of the Company.

**(b) Incorporation of TG Ecommerce Sdn. Bhd. ("TG Ecommerce")**

On 10 March 2020, the Company, through its wholly-owned subsidiary, GMP Medicare Sdn. Bhd., incorporated TG Ecommerce in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1.00 comprising 1 ordinary share. GMP Medicare Sdn. Bhd. owns the entire issued and paid-up share capital of TG Ecommerce upon which, TG Ecommerce becomes 100% sub-sub-subsidiary of the Company.

**(c) Acquisition of Top Academy Sdn. Bhd. ("Top Academy")**

On 12 November 2019, Top Glove Sdn. Bhd., a wholly-owned subsidiary of the Company had acquired 2 ordinary shares representing 100% of the equity interest in Top Academy comprising 2 ordinary shares for a cash consideration of RM2.00. Accordingly, Top Academy 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.

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## 20. Investment in subsidiaries (cont'd.)

### Changes in group structure (cont'd.)

#### (d) Acquisition of additional equity interest in TG Raytech Sdn. Bhd. (“TG Raytech”)

On 17 April 2020, TG Medical Sdn. Bhd., a wholly-owned subsidiary of the Company had acquired 2.5% of issued and paid-up share capital of TG Raytech comprising 25 ordinary share for a cash consideration of RM25.00. The acquisition is not expected to have material effects on the financial position of the Group.

#### (e) 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.

## 21. Investment in an associate

	Group	
	2020	2019
	RM'000	RM'000
Unquoted shares at cost	12,204	12,204
Share of post-acquisition reserves	(1,779)	(351)
	<u>10,425</u>	<u>11,853</u>

Details of the associate are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2020	2019	
<b>Held through Top Glove Sdn. Bhd.:</b>				
Value Add Sdn. Bhd.#	Malaysia	27	27	Investment holding

# Audited by firms other than Ernst & Young

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**21. Investment in an associate (cont'd.)**

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 2020 and 2019.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets and liabilities</b>		
Non-current assets	250,019	260,011
Current assets	4,285	4,067
Total assets	<u>254,304</u>	<u>264,078</u>
Non-current liabilities	(195,955)	(197,869)
Current liabilities	(19,737)	(22,308)
Total liabilities	<u>(215,692)</u>	<u>(220,177)</u>
Net assets	<u>38,612</u>	<u>43,901</u>
<b>Results</b>		
Revenue	9,713	11,658
Loss for the year	<u>(5,289)</u>	<u>(9,901)</u>

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Net assets of the associate at 1 September 2019/2018	43,901	53,802
Loss for the year	(5,289)	(9,901)
Net assets of the associate as at 31 August	<u>38,612</u>	<u>43,901</u>
Group's share of net assets	<u>10,425</u>	<u>11,853</u>

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**22. Deferred tax (assets)/liabilities**

Deferred income tax as at 31 August 2020 and 2019 relates to the following:

<b>Group</b>	<b>Deferred tax liabilities</b>		<b>Deferred tax assets</b>		<b>Total RM'000</b>
	<b>Property, plant and equipment and right-of-use assets RM'000</b>	<b>Others RM'000</b>	<b>Unabsorbed export allowance, business losses, capital and reinvestment allowance RM'000</b>	<b>Others RM'000</b>	
<b>At 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/ 1 September 2019</b>	150,838	12,512	(62,108)	-	101,242
Recognised in profit or loss	33,776	(479)	23,074	(35,479)	20,892
Exchange difference	-	-	-	265	265
<b>At 31 August 2020</b>	<b>184,614</b>	<b>12,033</b>	<b>(39,034)</b>	<b>(35,214)</b>	<b>122,399</b>

Presented after appropriate offsetting as follows:

	<b>Group</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Deferred tax assets	(19,589)	(58,472)
Deferred tax liabilities	141,988	159,714
	<b>122,399</b>	<b>101,242</b>

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.



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**22. Deferred tax (assets)/liabilities (cont'd.)**

Deferred tax assets have not been recognised by the Group and the Company in respect of the following items:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	3,579	5,586	1,386	1,383
Unabsorbed capital allowances	5,267	1,767	14	-
	<u>8,846</u>	<u>7,353</u>	<u>1,400</u>	<u>1,383</u>

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.

**23. Investment securities**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current</b>				
<i>Financial assets at fair value through other comprehensive income</i>				
- Debt securities (quoted outside Malaysia)	-	83,221	-	-
<i>Financial assets at fair value through profit or loss</i>				
- Money market funds (quoted in Malaysia)	1,674,631	4,064	709,075	1
	<u>1,674,631</u>	<u>87,285</u>	<u>709,075</u>	<u>1</u>
<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>	<u>1,675,023</u>	<u>87,677</u>	<u>709,075</u>	<u>1</u>

Debt securities of the Group amounting to nil (2019: RM83,221,000) were pledged to banks for credit facility granted to the Group as disclosed in Note 30.

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**24. Intangible assets**

Group	Customer		Patent RM'000	Total RM'000
	Goodwill RM'000	Relationship RM'000		
<b>Cost</b>				
<b>At 1 September 2018, as previously stated</b>	1,221,097	40,477	-	1,261,574
Prior year adjustment (Note 52)	(240,406)	-	-	(240,406)
<b>At 1 September 2018, restated</b>	980,691	40,477	-	1,021,168
Addition	-	-	16	16
<b>At 31 August 2019/1 September 2019</b>	980,691	40,477	16	1,021,184
Addition	-	-	32	32
<b>At 31 August 2020</b>	980,691	40,477	48	1,021,216
<b>Accumulated amortisation</b>				
<b>At 1 September 2018</b>	-	1,533	-	1,533
Amortisation during the year (Note 11)	-	3,680	1	3,681
<b>At 31 August 2019/1 September 2019</b>	-	5,213	1	5,214
Amortisation during the year (Note 11)	-	3,680	3	3,683
<b>At 31 August 2020</b>	-	8,893	4	8,897
<b>Net carrying amount</b>				
At 1 September 2018 (Restated)	980,691	38,944	-	1,019,635
At 31 August 2019 (Restated)	980,691	35,264	15	1,015,970
At 31 August 2020	980,691	31,584	44	1,012,319

Goodwill has been allocated to Cash Generating Units ("CGUs") identified as follows:

	Group	
	2020 RM'000	2019 (Restated) RM'000
Aspion Sdn. Bhd.	933,954	933,954
Eastern Press Sdn. Bhd.	21,597	21,597
B Tech Industry Co. Ltd.	14,789	14,789
GMP Medicare Sdn. Bhd.	5,070	5,070
Top Glove Medical (Thailand) Co. Ltd.	2,946	2,946
Duramedical Sdn. Bhd.	2,335	2,335
	<u>980,691</u>	<u>980,691</u>

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**24. 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 0% (2019: 0% to 2.5%).
- (ii) A post-tax discount rate of 10.00% (2019: 9.50%) 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 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	20%
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**25. Inventories**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
Raw materials	130,605	158,104
Consumables and hardware	6,610	42,557
Work-in-progress	83,692	132,666
Finished goods	301,551	283,130
	<u>522,458</u>	<u>616,457</u>
<b>Net realisable value</b>		
Raw materials	214	3,360
Work-in-progress	6,746	4,727
Finished goods	1,311	5,352
	<u>530,729</u>	<u>629,896</u>

During the year, the amount of inventories recognised as an expense of the Group amounted to RM4,387 million (2019: RM3,917 million).

**26. Trade and other receivables**

	<b>2020</b>	<b>Group</b>	<b>2018</b>
	<b>RM'000</b>	<b>2019</b>	<b>(Restated)</b>
		<b>(Restated)</b>	<b>(Restated)</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>			
Third parties	772,250	565,579	621,765
Less: Allowance for expected credit loss	(1,146)	(2,809)	(3,707)
Trade receivables, net	<u>771,104</u>	<u>562,770</u>	<u>618,058</u>
<b>Other receivables</b>			
Sundry receivables (Note 52)	19,440	255,842	250,695
Refundable deposits	8,261	14,011	8,962
	<u>27,701</u>	<u>269,853</u>	<u>259,657</u>
<b>Total trade and other receivables</b>	<u>798,805</u>	<u>832,623</u>	<u>877,715</u>
Total trade and other receivables	798,805	832,623	877,715
Add: Cash and bank balances (Note 29)	1,208,559	165,782	165,197
Financial assets at amortised cost	<u>2,007,364</u>	<u>998,405</u>	<u>1,042,912</u>

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**26. Trade and other receivables (cont'd.)**

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Other receivables</b>		
Amounts due from subsidiaries	605,844	4,705
Sundry receivables	-	19
<b>Total other receivables</b>	<u>605,844</u>	<u>4,724</u>
Total other receivables	605,844	4,724
Add: Cash and bank balances (Note 29)	<u>257,481</u>	<u>74</u>
Financial assets at amortised cost	<u>863,325</u>	<u>4,798</u>

**(a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 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:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	597,534	509,593
1 to 30 days past due not impaired	165,854	42,168
31 to 60 days past due not impaired	7,053	3,474
61 to 90 days past due not impaired	208	2,237
91 to 120 days past due not impaired	85	104
More than 121 days past due not impaired	370	5,194
	<u>173,570</u>	<u>53,177</u>
Impaired	<u>1,146</u>	<u>2,809</u>
	<u>772,250</u>	<u>565,579</u>

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.

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**26. Trade and other receivables (cont'd.)**

**(a) Trade receivables (cont'd.)**

Receivables that are neither past due nor impaired (cont'd.)

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM173,570,000 (2019: RM53,177,000) 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:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables-nominal amounts	1,146	2,809
Less: Allowance for expected credit loss	(1,146)	(2,809)
	<u>-</u>	<u>-</u>

Movements in the allowance accounts:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
1 September 2019/2018	2,809	3,707
Allowance for expected credit loss during the year	272	453
Reversal of allowance for expected credit loss during the year	(499)	(1,351)
Written off	(1,184)	-
Exchange differences	(252)	-
31 August	<u>1,146</u>	<u>2,809</u>

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.

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**26. Trade and other receivables (cont'd.)**

**(b) Related party balances**

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand except for an amount of RM605,640,740 (2019: RM2,085,209) which bears interest ranging from 2.6% to 4% (2019: 4%) per annum.

**27. Other current assets**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Prepaid operating expenses	34,337	35,249	11	2,614
Goods and service tax refundable	14,526	18,435	-	-
Advances to suppliers for raw materials	7,439	7,769	-	-
Advances to suppliers for property, plant and equipment	18,582	2,058	-	-
	<u>74,884</u>	<u>63,511</u>	<u>11</u>	<u>2,614</u>

**28. Derivative financial instruments**

	<b>Group</b>			
	<b>2020</b>		<b>2019</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>Contract/</b>	<b>Fair value</b>	<b>Contract/</b>	<b>Fair value</b>
	<b>Notional</b>	<b>Assets</b>	<b>Notional</b>	<b>Liabilities</b>
	<b>Amount</b>		<b>Amount</b>	
Forward currency contracts	269,247	45	440,572	(1,653)

At 31 August 2020, the Group held forward currency contracts designated as hedges of expected future sales to customers 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 November 2020 (2019: January 2020).

During the financial year, the Group recognised a gain of RM1,703,000 (2019: loss of RM811,000) in the profit or loss arising from changes in the fair value of the forward currency contracts.

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**29. Cash and bank balances**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at banks	1,090,505	145,412	257,481	74
Deposits with licensed banks and other financial institutions	118,054	20,370	-	-
Cash and bank balances	<u>1,208,559</u>	<u>165,782</u>	<u>257,481</u>	<u>74</u>
Less:				
Deposits pledged with banks with maturity of more than 3 months	(2,883)	(5,355)	-	-
Monies held in debt service reserve account for credit facility	<u>(729)</u>	<u>(712)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>1,204,947</u>	<u>159,715</u>	<u>257,481</u>	<u>74</u>

Deposits with licensed banks and other financial institutions of the Group amounting to RM2,883,000 (2019: RM5,355,000) are pledged to banks for banking facilities granted to the Group.

Included in cash and bank balances is an amount of RM729,000 (2019: RM712,000) pledged to a financial institution for credit facility granted to the Group; hence are not available for general use.

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:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
Weighted average effective interest rates (%)	0.24	0.88
Maturity days	21 days to 518 days	7 days to 365 days



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**30. Loans and borrowings**

	Maturity	Group	
		2020 RM'000	2019 RM'000
<b>Current</b>			
<i>Secured:</i>			
USD Revolving credit	2019	-	11,428
Hire purchase payables (Note 41(c))	2020	-	432
RM Term loan	2021/2020	2,041	1,915
		<u>2,041</u>	<u>13,775</u>
<i>Unsecured:</i>			
USD Syndicated term loan	2020	-	130,882
Less: Unamortised transaction cost	2020	-	(1,168)
		-	<u>129,714</u>
RM Trade loan financing	2019	-	6,085
USD Revolving credit	2019	-	499,785
EUR Revolving credit	2020/2019	176,878	160,047
JPY Revolving credit	2020/2019	91,430	92,812
RM Revolving credit	2020/2019	1,900	49,800
Thai Baht Promissory notes	2020/2019	37,974	71,075
RM Bankers' acceptances	2019	-	14,307
RM Term loan	2021/2020	3,976	3,925
		<u>312,158</u>	<u>1,027,550</u>
Total current loans and borrowings		<u>314,199</u>	<u>1,041,325</u>
<b>Non-current</b>			
<i>Secured:</i>			
Hire purchase payables (Note 41(c))	2021-2022	-	205
RM Term loan	2023	4,220	6,624
		<u>4,220</u>	<u>6,829</u>
<i>Unsecured:</i>			
USD Syndicated term loan	2023	-	523,528
Less: Unamortised transaction cost	2023	-	(2,833)
		-	<u>520,695</u>
RM Term loan	2023 - 2025	8,034	11,989
EUR Term loan	2025	64,606	-
USD Term loan	2025	30,891	-
THB Term loan	2025	9,026	-
USD Exchangeable bonds	2024	109,563	839,856
		<u>222,120</u>	<u>1,372,540</u>
Total non-current loans and borrowings		<u>226,340</u>	<u>1,379,369</u>
Total loans and borrowings		<u>540,539</u>	<u>2,420,694</u>

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**30. Loans and borrowings (cont'd.)**

The range of interest rates at the reporting date for borrowings are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Promissory notes	1.1% to 2.0%	1.9% to 2.2%
Revolving credit	0.3% to 3.9%	0.3% to 4.7%
Term loan	0.9% to 4.4%	4.4% to 4.9%
Exchangeable bonds	3.8%	4.2%
Bankers' acceptances	Nil	3.7% to 4.8%
Hire purchase payables	Nil	4.0% to 5.3%
Trade loan financing	Nil	3.7% to 4.6%
Syndicated term loan	Nil	3.5%

The remaining maturities of the loans and borrowings as at 31 August 2020 and 2019 are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
On demand or within one year	314,199	1,041,325
More than 1 year and less than 2 years	134,154	135,899
More than 2 years and less than 5 years	89,633	1,240,702
More than 5 years	2,553	2,768
	<u>540,539</u>	<u>2,420,694</u>

- (a) The RM term loan of the Group is secured by monies held in debt service reserve account of the Group with a financial institution as disclosed in Note 29. In prior financial year, the USD revolving credit of the Group was secured by investment in debt securities of the Group as disclosed in Note 23.
- (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").

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**30. Loans and borrowings (cont'd.)**

- (b) During the financial year, the principal amount of USD 174,354,000 exchangeable bonds are converted into 116,339,801 ordinary shares of Top Glove Corporation Bhd. at the option of the bondholders.

The weighted average effective interest rates at the reporting date for exchangeable bonds is 3.8% per annum. (2019: 4.2% per annum).

Each bond entitles its registered holder to exchange for fully paid ordinary shares of Top Glove Corporation Bhd., at an adjusted exchange price of RM6.10 per share at a fixed exchange rate of USD1.00 = RM4.0703. The exchange price is subject to adjustments in accordance with the terms and conditions of the Bonds as set out in the offering circular dated 20 February 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:

- (i) The Bonds bear interest at the rate of 2.0% calculated semi-annually and payable on 1 March and 1 September each year.
- (ii) The Bonds are unconditionally and irrevocably guaranteed by Top Glove Corporation Bhd. and are subject to negative pledge.
- (iii) Redemption price at maturity is 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.

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**30. 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.):-

(v) Redemption at the option of issuer (cont'd.)

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) Final redemption

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.

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**31. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade payables</b>	357,057	280,858	-	-
<b>Other payables</b>				
Accrued operating expenses	273,206	79,156	2,091	1,460
Sundry payables	180,561	132,400	480	82
	<u>453,767</u>	<u>211,556</u>	<u>2,571</u>	<u>1,542</u>
<b>Total trade and other payables</b>	<u>810,824</u>	<u>492,414</u>	<u>2,571</u>	<u>1,542</u>
Total trade and other payables	810,824	492,414	2,571	1,542
Add: Loans and borrowings (Note 30)	540,539	2,420,694	-	-
Total financial liabilities carried at amortised cost	<u>1,351,363</u>	<u>2,913,108</u>	<u>2,571</u>	<u>1,542</u>

**(a) Trade payables**

These amounts are non-interest bearing. The normal trade credit term granted to the Group ranges from 30 to 90 days (2019: ranges 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 (2019: range from 30 to 90 days).

Included in accrued operating expenses are remediation costs amounting to RM131,391,000 (2019: nil) for recruitment fees previously paid by the migrant workers to the agents or other parties in respect of detailed information is disclosed in Note 50(b).

**32. Contract liabilities**

These amounts represent advances received from customers for goods purchased.

Set out below is the amount of revenue recognised from:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Amounts included in contract liabilities at the beginning of the year	<u>55,610</u>	<u>59,248</u>

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**33. Lease liabilities**

**Group as a lessee**

The Group and the Company have lease contracts for land, buildings, motor vehicles and equipments with lease terms between 2 to 47 years and include extension options.

The Group and the Company also have certain leases of hostels, photocopiers, ambulance and ATM with lease terms of 12 months or less or of low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 September 2019</b>	-	-
Effect of adoption of MFRS 16 (Note 5)	13,551	-
Addition	77	467
Accretion of interest	518	7
Payments	(2,248)	(36)
Exchange differences	(784)	-
<b>At 31 August 2020</b>	<b>11,114</b>	<b>438</b>
Repayable within 12 months	1,442	72
Repayable after 12 months	9,672	366
	<b>11,114</b>	<b>438</b>

The following are amounts recognised in profit or loss:

	<b>Group</b>	<b>Company</b>
	<b>2020</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of right-of-use assets (Note 11)	4,361	33
Interest expense on lease liabilities	518	7
Expenses related to short-term, low-value and variable leases	6,267	51

The Group and the Company had total cash outflows for leases amounted to RM8,515,000 and RM87,000 respectively for the financial year ended 31 August 2020.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

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**34. Share capital**

	<b>Group and Company</b>			
	<b>&lt;-----2020-----&gt;</b>		<b>&lt;-----2019-----&gt;</b>	
	<b>Number of shares '000</b>	<b>Monetary value RM'000</b>	<b>Number of shares '000</b>	<b>Monetary value RM'000</b>
<b>Issued and fully paid</b>				
At 1 September 2019/2018	2,560,589	788,326	1,280,229	787,709
Conversion of exchangeable bonds to ordinary shares (Note 30)	116,340	709,673	-	-
Bonus Issue	-	-	1,280,229	-
Exercise of ESOS (Note 39(i))	31,896	167,230	131	662
Transfer from share option reserve	-	10,892	-	41
Transaction cost	-	(417)	-	(86)
At 31 August	<u>2,708,825</u>	<u>1,675,704</u>	<u>2,560,589</u>	<u>788,326</u>

During the financial year, the Company has converted 116,339,801 units of 5-year Guaranteed Exchangeable Bonds 2019/2024 (equivalent to RM709,673,000 based on the settlement rate of USD1.00:RM4.0703) into 116,339,801 new ordinary shares at the adjusted exchange price of RM6.10.

**35. 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 2020, 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, the Company transferred 114,000 treasury shares to eligible employees under employee share grant scheme at average market price of RM9.89 per share. The total transferred treasury shares net of transaction costs were RM1,128,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM866,000 was recognised in equity.

In previous financial year, the Company transferred 584,000 treasury shares to eligible employees under employee share grant scheme at average market price of RM4.65 per share. The total transferred treasury shares net of transaction costs 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.

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**35. Treasury shares (cont'd.)**

Of the total 2,708,825,000 issued and fully paid ordinary shares as at 31 August 2020, 661,600 are held as treasury shares by the Company. As at 31 August 2020, the number of outstanding ordinary shares in issue and fully paid is therefore 2,708,163,400 ordinary shares.

**36. Other reserves**

	<b>Foreign exchange reserve RM'000</b>	<b>Legal reserve RM'000</b>	<b>Share option reserve RM'000</b>	<b>Cash flow hedge reserve RM'000</b>	<b>Fair value adjustment reserve RM'000</b>	<b>Others reserve RM'000</b>	<b>Total RM'000</b>
<b>Group</b>							
<b>At 1 September 2018</b>	35,339	9,164	1,929	(41,504)	(1,163)	2,898	6,663
Other comprehensive income/(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 from 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>	<b>51,645</b>	<b>10,088</b>	<b>8,995</b>	<b>(80,291)</b>	<b>2,084</b>	<b>5,926</b>	<b>(1,553)</b>



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36. Other reserves (cont'd.)

	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	Others reserve RM'000	Total RM'000
<b>Group</b>							
<b>At 1 September 2019</b>	51,645	10,088	8,995	(80,291)	2,084	5,926	(1,553)
Effect of adoption of MFRS 16 (Note 5)	(17)	-	-	-	-	-	(17)
<b>Adjusted balance at 1 September 2019</b>	51,628	10,088	8,995	(80,291)	2,084	5,926	(1,570)
Other comprehensive (loss)/income	(7,079)	-	-	77,601	(2,084)	-	68,438
Share options granted under ESOS	-	-	7,404	-	-	-	7,404
Transfer from share option reserve	-	-	(11,080)	-	-	-	(11,080)
Transfer from retained earnings	-	-	-	-	-	1,848	1,848
<b>At 31 August 2020</b>	44,549	10,088	5,319	(2,690)	-	7,774	65,040

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**36. Other reserves (cont'd.)**

<b>Company</b>	<b>Share option reserve RM'000</b>
<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 2019/1 September 2019</b>	<u>8,995</u>
Share options granted under ESOS	7,404
Transfer from share option reserve	(11,080)
<b>At 31 August 2020</b>	<u><u>5,319</u></u>

**(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.

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**36. Other reserves (cont'd.)**

**(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.

**37. Perpetual Sukuk**

	<b>Group 2020 RM'000</b>
Issuance nominal value	1,300,000
Less: Transaction cost	<u>(4,738)</u>
Net nominal value	<u>1,295,262</u>

On 22 January 2020, the Company's wholly owned subsidiary, TG Excellence Berhad ("TGE") lodged the Perpetual Sukuk Programme with the Securities Commission Malaysia ("SC"). The Perpetual Sukuk Programme, under the Shariah principle of Wakalah Bi Al-Istithmar, is guaranteed by the Company via a subordinated guarantee. The Perpetual Sukuk Programme provides TGE with the flexibility to issue unsecured and subordinated Perpetual Sukuk from time to time, subject to the aggregate outstanding nominal amount not exceeding RM3.0 billion at any point in time.

On 27 February 2020, TGE completed the first issuance with a nominal value of RM1.3 billion under the Perpetual Sukuk Programme. The Perpetual Sukuk was issued with a tenure of perpetual non-callable 5 years with an initial periodic distribution rate of 3.95% per annum.

The proceeds raised from the issuance of the Perpetual Sukuk are allowed to be utilised by the Group to refinance the existing financing and debt obligations, repayment of intercompany borrowings, capital expenditure, working capital requirements and general corporate purposes. All utilisation of proceeds shall be Shariah-compliant.

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**37. Perpetual Sukuk (cont'd.)**

Under the Perpetual Sukuk Programme, TGE may, at its sole discretion, redeem the Perpetual Sukuk pursuant to certain redemption events.

There are no events of default or dissolution events which will entitle the sukuk holders to declare any or all amounts under the Perpetual Sukuk Programme to be immediately due and payable, save for certain enforcement events, as described below.

The Perpetual Sukuk Programme has been accorded an indicative credit rating of AA-IS (cg) by Malaysian Rating Corporation Berhad.

The salient features of the Perpetual Sukuk are as follows:

- (a) The Perpetual Sukuk shall constitute direct, unsecured, unconditional and subordinated obligations of TGE and shall at all times rank (i) below all present and future creditors of TGE; (ii) pari passu with any instrument issued or guaranteed by TGE that ranks pari passu with the Perpetual Sukuk; and (iii) ahead of any class of TGE's share capital, including without limitation, any ordinary shares.
- (b) Being perpetual in nature, TGE has a call option to redeem the Perpetual Sukuk under the following circumstances:
  - (i) Optional redemption at the first call date of the Perpetual Sukuk and on each periodic distribution date of the expected distribution amount thereafter.
  - (ii) Accounting event - change in accounting standards resulting in Perpetual Sukuk no longer being recognised as an equity instrument.
  - (iii) Tax event - if the expected periodic distribution of the profit would not be fully tax deductible or TGE become obligated to pay additional tax due to changes in tax laws or regulations.
  - (iv) Rating event - change in rating methodology by the rating agency that results in a lower equity credit for the relevant tranche of the Perpetual Sukuk.
- (c) The initial periodic distribution rate is 3.95% per annum, subject to reset at every 5 years at the prevailing 5 years Malaysian Government Securities rate, initial credit spread of 1.209% and stepped up margin of 1.000%.
- (d) The periodic distribution amount is payable five years from the issue date of the respective tranche and every five years thereafter.

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**37. Perpetual Sukuk (cont'd.)**

- (e) TGE may, at its sole discretion, opt to (i) defer the periodic distribution or (ii) further defer any outstanding arrears of deferred periodic distribution, provided that it has not during the last six months declared or paid any dividend or payment or other distributions in respect of or redeem or repurchase its ordinary shares or any other securities of TGE ranking junior to or pari passu with the Perpetual Sukuk. The deferred periodic distribution, if any, will be cumulative and will not earn additional profits (i.e. there will be no compounding of the periodic distribution being deferred). There is no limit as to the number of times the expected periodic amount and the arrears of deferred periodic distribution can be deferred.
- (f) Notwithstanding the optional deferral stipulated in (e) above, all outstanding arrears of deferred periodic distribution shall be due and payable within fifteen days from the date TGE declared or paid any dividend or payment or other distributions in respect of or redeem or repurchase its ordinary shares or any other securities of TGE ranking junior to or pari passu with the Perpetual Sukuk.

**38. Retained earnings**

The Company may distribute dividends out of its entire retained earnings as at 31 August 2020 and 2019 under the single tier system.

**39. 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:

- (a) 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.
- (b) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- (c) 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.

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**39. Share based payments (cont'd.)**

**(i) Employee share options scheme ("ESOS") (cont'd.)**

- (d) The option price for each share shall be the 5-days weighted average market price of the underlying shares before the ESOS Options are granted, with either a premium or a discount of not more than ten percent (10%).
- (e) No option shall be granted for less than 100 shares to any eligible employee.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) The options shall not carry any right to vote at a general meeting of the Company.

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39. 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:

Grant date	Expiry date	Exercise price RM	←----- Number of share options over the ordinary shares ----->				As at 31.8.2020 '000
			As at 1.9.2019 '000	Granted '000	Exercised '000	Lapsed '000	
<b>2020</b>							
2.8.2018	31.5.2028	5.06	5,986.3	-	(4,218.0)	(150.5)	1,617.8
1.2.2019	31.5.2028	4.90	14,246.6	-	(9,916.3)	(269.0)	4,061.3
18.2.2019	31.5.2028	4.90	261.8	-	(106.7)	-	155.1
30.7.2019	31.5.2028	4.63	10,978.9	-	(9,231.5)	(211.1)	1,536.3
20.1.2020	31.5.2028	4.72	-	8,225.9	(5,628.7)	-	2,597.2
24.1.2020	31.5.2028	4.76	-	90.1	(90.1)	-	-
20.5.2020	31.5.2028	9.89	-	5,120.6	(2,604.8)	(8.2)	2,507.6
1.6.2020	31.5.2028	12.75	-	162.8	(100.0)	-	62.8
			<b>31,473.6</b>	<b>13,599.4</b>	<b>(31,896.1)</b>	<b>(638.8)</b>	<b>12,538.1</b>

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39. 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.):

←----- Number of share options over the ordinary shares ----->							
Grant Date	Expiry Date	Exercise Price RM	As at 1.9.2018 '000	Granted '000	Exercised '000	Lapsed '000	Balance prior to adjustment for bonus issue* '000
<b>2019</b>							
2.8.2018	31.5.2028	10.12	3,161.9	-	-	-	3,161.9
<b>Balance after adjustment for bonus issue*</b>							
Grant date	Expiry date	Exercise price RM	for bonus issue* '000	Granted '000	Exercised '000	Lapsed '000	As at 31.8.2019 '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
			<b>6,323.8</b>	<b>25,570.0</b>	<b>(131.1)</b>	<b>(289.1)</b>	<b>31,473.6</b>

\* Bonus issue for one for one existing ordinary share



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**39. Share based payments (cont'd.)**

**(i) Employee share options scheme ("ESOS") (cont'd.)**

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

<b>Exercise Date</b>	<b>Exercise price RM</b>	<b>Fair value of ordinary shares RM</b>	<b>Number of share options '000</b>	<b>Considerations received RM'000</b>
<b>2020</b>				
September 2019 - August 2020	5.06	4.25 - 28.40	4,218.0	21,343.1
September 2019 - August 2020	4.90	4.25 - 28.40	9,916.3	48,589.9
September 2019 - August 2020	4.90	4.25 - 28.40	106.7	522.8
September 2019 - August 2020	4.63	4.25 - 28.40	9,231.5	42,741.8
September 2019 - August 2020	4.72	4.25 - 28.40	5,628.7	26,567.5
September 2019 - August 2020	4.76	4.25 - 28.40	90.1	428.9
September 2019 - August 2020	9.89	4.25 - 28.40	2,604.8	25,761.4
September 2019 - August 2020	12.75	4.25 - 28.40	100.0	1,275.0
			<u>31,896.1</u>	<u>167,230.4</u>
<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
			<u>131.1</u>	<u>662.4</u>

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**39. 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):

20 January 2020	0.30
24 January 2020	0.30
20 May 2020	0.91
1 June 2020	1.53
Weighted average share price (RM)	4.82 - 13.72
Weighted average exercise price (RM)	4.72 - 12.75
Expected volatility (%)	29.64 - 31.89
Expected life (years)	8.00 - 8.37
Risk free interest rate (%)	2.62 - 3.28
Expected dividend yield (%)	1.35 - 2.02

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

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**39. Share based payments (cont'd.)**

**(ii) Employee share grant plan ("ESGP") (cont'd.)**

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 employees and the employees' 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.
- (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.

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**40. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross dividends from subsidiaries	-	-	1,630,710	215,590
Management fees from subsidiaries	-	-	5,904	5,374
Interest income from subsidiaries	-	-	5,567	21

**(b) Compensation of the key management personnel**

The remuneration of executive directors and other key management personnel during the financial year were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries and other emoluments	10,249	9,387	3,693	3,289
Pension costs - defined contribution plan	809	824	400	332
Social security contributions	14	13	1	1
Share options granted under ESOS	910	1,056	597	589
Shares granted under ESGP	1	145	-	98
Fees	569	413	520	366
Benefits-in-kind	261	199	77	60
	<b>12,813</b>	<b>12,037</b>	<b>5,288</b>	<b>4,735</b>

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#### 41. Commitments

##### (a) Capital commitments

	Group	
	2020	2019
	RM'000	RM'000
<b>Property, plant and equipment:</b>		
Approved and contracted for	413,071	324,782

##### (b) Operating lease arrangements

###### Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property and property, plant and equipment portfolio. These leases have remaining non-cancellable lease terms between less than 1 year to 2.5 years. Rental income earned from these investment property and property, plant and equipment during the financial year is disclosed in Note 10.

The future minimum lease payments receivables under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as receivables, are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Future minimum rentals receivables:		
Not later than 1 year	2,335	2,170
Later than 1 year and not later than 2 years	1,349	1,423
Later than 2 years and not later than 5 years	387	477
	<u>4,071</u>	<u>4,070</u>

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41. Commitments (cont'd.)

(c) Hire purchase payables

	Group	
	2020	2019
	RM'000	RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	-	443
Later than 1 year but not later than 2 years	-	176
Later than 2 years but not later than 5 years	-	33
Total minimum lease payments	-	652
Less: Amounts representing finance charges	-	(15)
Present value of minimum lease payments	-	637
	Group	
	2020	2019
	RM'000	RM'000
<b>Present value of payments:</b>		
Not later than 1 year	-	432
Later than 1 year but not later than 2 years	-	172
Later than 2 years but not later than 5 years	-	33
Present value of minimum lease payments	-	637
Less: Amount due within 12 months (Note 30)	-	(432)
Amount due after 12 months (Note 30)	-	205

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**42. 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:

	<b>Note</b>
Trade and other receivables	26
Loans and borrowings (current)	30
Loans and borrowings (non-current)	30
Trade and other payables	31

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.

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.

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**42. Fair values (cont'd.)**

**(i) Determination of fair value of financial instruments (cont'd.)**

Investment property

The fair value of the investment property was based on a valuation by an accredited independent qualified value as disclosed in Note 19.

**(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 prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
<b>Group</b>				
<b>As at 31 August 2020</b>				
<b>Current</b>				
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss (Note 23)	1,674,631	-	-	1,674,631
Derivative financial instruments (Note 28)	-	45	-	45
<hr/>				
<b>Non-current</b>				
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss (Note 23)	-	-	392	392
Investment property (Note 19)	-	-	163,900	163,900
Biological assets	-	-	28	28
<hr/>				
<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 (Note 23)	83,221	-	-	83,221
Financial assets at fair value through profit or loss (Note 23)	4,064	-	-	4,064
Derivative financial instruments (Note 28)	-	(1,653)	-	(1,653)
<hr/>				



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**42. 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) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
<b>Group</b>				
<b>As at 31 August 2019</b>				
<b>Non-current Assets measured at fair value</b>				
Financial assets at fair value through profit or loss (Note 23)	-	-	392	392
Investment property (Note 19)	-	-	163,900	163,900
				<hr/>
<b>Company</b>				
<b>As at 31 August 2020</b>				
<b>Current Assets measured at fair value</b>				
Financial assets at fair value through profit or loss (Note 23)	709,075	-	-	709,075
				<hr/>
<b>As at 31 August 2019</b>				
<b>Current Assets measured at fair value</b>				
Financial assets at fair value through profit or loss (Note 23)	1	-	-	1
				<hr/>

During the reporting period ended 31 August 2020 and 2019, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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**43. 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 comprises 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.

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.

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**43. Financial risk management objectives and policies (cont'd.)**

**(b) Credit risk (cont'd.)**

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 26(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 26(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 26(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.

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**43. Financial risk management objectives and policies (cont'd.)**

**(c) Liquidity risk (cont'd.)**

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.

	←----- 2020 ----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables, excluding bank guarantees	810,824	-	-	810,824
Loans and borrowings	316,115	233,038	2,879	552,032
Lease liabilities	1,873	5,750	9,360	16,983
Total undiscounted financial liabilities	<u>1,128,812</u>	<u>238,788</u>	<u>12,239</u>	<u>1,379,839</u>
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables, excluding bank guarantees	2,571	-	-	2,571
Lease liabilities	88	350	51	489
Total undiscounted financial liabilities	<u>2,659</u>	<u>350</u>	<u>51</u>	<u>3,060</u>
	←----- 2019 ----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables, 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
Total undiscounted financial liabilities	<u>1,558,674</u>	<u>1,091,072</u>	<u>407,255</u>	<u>3,057,001</u>

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**43. Financial risk management objectives and policies (cont'd.)**

**(c) Liquidity risk (cont'd.)**

Company	←----- 2019 ----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Financial liabilities</b>				
Trade and other payables, excluding bank guarantees	1,542	-	-	1,542
Total undiscounted financial liabilities	1,542	-	-	1,542

**(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.

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 RM423,000 (2019: RM1,569,000) 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.

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**43. Financial risk management objectives and policies (cont'd.)**

**(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 23.

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 fair value through OCI at the reporting date:

<b>Group</b>		<b>2020</b>	<b>2019</b>
		<b>RM'000</b>	<b>RM'000</b>
Debt investments	- strengthened 5% (2019: 5%)	-	4,161
	- weakened 5% (2019: 5%)	-	(4,161)
		<u>          </u>	<u>          </u>

**(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.

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**43. Financial risk management objectives and policies (cont'd.)**

**(f) Foreign currency risk (cont'd.)**

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"), Australian Dollars ("AUD"), Euro and United States Dollars ("USD"). The foreign currencies in which these transactions are denominated are mainly USD, Euro and Japanese Yen ("JPY"). In addition, the Group has significant borrowings in USD, Euro and JPY (Note 30). 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.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	<b>Net financial assets/(liabilities) held in non-functional currency</b>			
	<b>USD RM'000</b>	<b>Euro RM'000</b>	<b>JPY RM'000</b>	<b>Total RM'000</b>
<b>Functional currency of Group companies</b>				
<b>At 31 August 2020:</b>				
Malaysian Ringgit	228,190	(178,316)	(91,611)	(41,737)
Thailand Baht	52,742	-	-	52,742
Chinese Renminbi	2,063	-	-	2,063
Australian Dollars	147	-	-	147
Euro	4,671	-	-	4,671
United States Dollars	-	(64,606)	-	(64,606)
	<b>287,813</b>	<b>(242,922)</b>	<b>(91,611)</b>	<b>(46,720)</b>
<b>At 31 August 2019:</b>				
Malaysian Ringgit	(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
Euro	1,240	-	-	1,240
	<b>(166,354)</b>	<b>(154,124)</b>	<b>(92,809)</b>	<b>(413,287)</b>

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**43. Financial risk management objectives and policies (cont'd.)**

**(f) Foreign currency risk (cont'd.)**

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.

		<b>2020</b>	<b>2019</b>
		<b>RM'000</b>	<b>RM'000</b>
USD/RM	- strengthened 5% (2019: 5%)	11,410	(11,062)
	- weakened 5% (2019: 5%)	(11,410)	11,062
USD/Baht	- strengthened 5% (2019: 5%)	2,637	1,045
	- weakened 5% (2019: 5%)	(2,637)	(1,045)
USD/RMB	- strengthened 5% (2019: 5%)	103	395
	- weakened 5% (2019: 5%)	(103)	(395)
USD/AUD	- strengthened 5% (2019: 5%)	7	1,243
	- weakened 5% (2019: 5%)	(7)	(1,243)
USD/Euro	- strengthened 5% (2019: 5%)	234	62
	- weakened 5% (2019: 5%)	(234)	(62)
Euro/RM	- strengthened 5% (2019: 5%)	(8,916)	(7,722)
	- weakened 5% (2019: 5%)	8,916	7,722
Euro/Baht	- strengthened 5% (2019: 5%)	-	(24)
	- weakened 5% (2019: 5%)	-	24
Euro/AUD	- strengthened 5% (2019: 5%)	-	39
	- weakened 5% (2019: 5%)	-	(39)
Euro/USD	- strengthened 5% (2019: 5%)	(3,230)	-
	- weakened 5% (2019: 5%)	3,230	-
JPY/RM	- strengthened 5% (2019: 5%)	(4,581)	(4,640)
	- weakened 5% (2019: 5%)	4,581	4,640



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**44. 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:

<b>Group</b>	<b>Fair value through OCI RM'000</b>	<b>Fair value through profit or loss RM'000</b>	<b>Amortised cost RM'000</b>	<b>Total RM'000</b>
<b>As at 31 August 2020</b>				
<b>Financial assets</b>				
Investment securities	-	1,675,023	-	1,675,023
Trade and other receivables	-	-	798,805	798,805
Derivative financial instruments	-	45	-	45
Cash and bank balances	-	-	1,208,559	1,208,559
<b>Total financial assets</b>	<b>-</b>	<b>1,675,068</b>	<b>2,007,364</b>	<b>3,682,432</b>
<b>Financial liabilities</b>				
Loans and borrowings	-	-	540,539	540,539
Lease liabilities	-	-	11,114	11,114
Trade and other payables	-	-	810,824	810,824
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,362,477</b>	<b>1,362,477</b>
<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	-	-	832,623	832,623
Cash and bank balances	-	-	165,782	165,782
<b>Total financial assets</b>	<b>83,221</b>	<b>4,456</b>	<b>998,405</b>	<b>1,086,082</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>

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**44. 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 through OCI RM'000	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>Company</b>				
<b>As at 31 August 2020</b>				
<b>Financial assets</b>				
Investment securities	-	709,075	-	709,075
Trade and other receivables	-	-	605,844	605,844
Cash and bank balances	-	-	257,481	257,481
<b>Total financial assets</b>	<b>-</b>	<b>709,075</b>	<b>863,325</b>	<b>1,572,400</b>
<b>Financial liabilities</b>				
Lease liabilities	-	-	438	438
Trade and other payables	-	-	2,571	2,571
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>3,009</b>	<b>3,009</b>
<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>				
Trade and other payables representing total financial liabilities	-	-	1,542	1,542

**45. Capital management**

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

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**45. Capital management (cont'd.)**

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 2020 and 2019.

As disclosed in Note 36(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 2020 and 2019.

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	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans and borrowings	30	540,539	2,420,694	-	-
Trade and other payables	31	810,824	492,414	2,571	1,542
Contract liabilities	32	879,386	55,610	-	-
Less: Cash and cash equivalents	29	(1,204,947)	(159,715)	(257,481)	(74)
<b>Net debt</b>		<b>1,025,802</b>	<b>2,809,003</b>	<b>-</b>	<b>1,468</b>
Equity attributable to the owners of the parent		4,870,755	2,536,955	3,187,273	1,036,937
Less:					
- Fair value adjustment reserve	36	-	(2,084)	-	-
- Legal reserve	36	(10,088)	(10,088)	-	-
<b>Total equity</b>		<b>4,860,667</b>	<b>2,524,783</b>	<b>3,187,273</b>	<b>1,036,937</b>
<b>Capital and net debt</b>		<b>5,886,469</b>	<b>5,333,786</b>	<b>3,187,273</b>	<b>1,038,405</b>
<b>Gearing ratio</b>		<b>17.43%</b>	<b>52.66%</b>	<b>0.00%</b>	<b>0.14%</b>

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

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**46. 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 an 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.

31 August 2020	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	The British Virgin Islands RM'000	Others RM'000	Eliminations RM'000	Note	Consolidated RM'000
<b>Revenue</b>								
External sales	6,223,145	540,005	127,500	-	346,777	-		7,237,427
Inter-segment sales	259,252	382,477	622	-	-	(642,351)	A	-
Total revenue	<u>6,482,397</u>	<u>922,482</u>	<u>128,122</u>	<u>-</u>	<u>346,777</u>	<u>(642,351)</u>		<u>7,237,427</u>
<b>Results</b>								
Interest income	104,570	262	505	1,030	509	(82,987)		23,889
Depreciation and amortisation	216,911	24,051	2,787	-	1,647	-		245,396
Segment profit/(loss)	<u>1,920,336</u>	<u>199,619</u>	<u>40,280</u>	<u>3,241</u>	<u>37,902</u>	<u>(35,827)</u>	B	<u>2,165,551</u>
<b>Assets</b>								
Additions to non-current assets*	627,709	113,012	3,229	-	72,042	-	C	815,992
Segment assets	<u>6,585,924</u>	<u>541,836</u>	<u>177,081</u>	<u>147</u>	<u>358,643</u>	<u>1,042,333</u>	D	<u>8,705,964</u>
<b>Liabilities</b>								
Segment liabilities	<u>1,848,265</u>	<u>169,352</u>	<u>93,265</u>	<u>11</u>	<u>135,527</u>	<u>268,661</u>	E	<u>2,515,081</u>
<b>Other segment information</b>								
Capital commitments	<u>315,806</u>	<u>42,993</u>	<u>1,795</u>	<u>-</u>	<u>52,477</u>	<u>-</u>		<u>413,071</u>

\* Other than financial instruments and deferred tax assets

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**46. Segment information (cont'd.)**

31 August 2019 (Restated)	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	The British Virgin Islands RM'000	Others RM'000	Eliminations RM'000	Note	Consolidated RM'000
<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	-
Total revenue	<u>4,190,102</u>	<u>722,119</u>	<u>90,531</u>	<u>-</u>	<u>235,144</u>	<u>(436,757)</u>		<u>4,801,139</u>
<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)	<u>477,754</u>	<u>26,505</u>	<u>(3,954)</u>	<u>3,686</u>	<u>1,872</u>	<u>(82,275)</u>	B	<u>423,588</u>
<b>Assets</b>								
Additions to non- current assets*	527,917	31,629	13,965	-	50,594	-	C	624,105
Segment assets	<u>3,843,016</u>	<u>348,519</u>	<u>77,285</u>	<u>114,768</u>	<u>218,322</u>	<u>1,086,295</u>	D	<u>5,688,205</u>
<b>Liabilities</b>								
Segment liabilities	<u>2,817,242</u>	<u>119,005</u>	<u>13,945</u>	<u>11,438</u>	<u>11,931</u>	<u>160,503</u>	E	<u>3,134,064</u>
<b>Other segment information</b>								
Capital commitments	<u>239,385</u>	<u>22,486</u>	<u>2,673</u>	<u>-</u>	<u>60,238</u>	<u>-</u>		<u>324,782</u>

\* Other than financial instruments and deferred tax assets

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**46. Segment information (cont'd.)**

- A Inter-segment revenues are eliminated on consolidation.
- B The following items are deducted from segment profit to arrive at profit before tax presented in the consolidated income statement.

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Share of results of an associate	(1,428)	(2,674)
Finance costs	(34,399)	(79,601)
	<u>(35,827)</u>	<u>(82,275)</u>

- C Additions to non-current assets consist of:

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	806,400	568,143
Land used rights	-	55,553
Right-of-use assets	9,532	-
Investment property	-	393
Intangible assets	32	16
Biological assets	28	-
	<u>815,992</u>	<u>624,105</u>

- D The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>(Restated)</b>
		<b>RM'000</b>
Deferred tax assets (Note 22)	19,589	58,472
Investments in an associate (Note 21)	10,425	11,853
Intangible assets (Note 24)	1,012,319	1,015,970
	<u>1,042,333</u>	<u>1,086,295</u>

- E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax payable	126,673	789
Deferred tax liabilities (Note 22)	141,988	159,714
	<u>268,661</u>	<u>160,503</u>

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**47. Dividends**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Recognised during the financial year:		
Dividends on ordinary shares:		
- First tax exempt interim single tier dividend of 10 sen per share on 2,694,050,000 ordinary shares, and paid on 9 July 2020	269,411	-
- Final tax exempt single tier dividend of 4 sen per share on 2,559,814,000 ordinary shares, and paid on 23 December 2019	102,393	-
- 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
- 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
	<u>371,804</u>	<u>217,393</u>

Dividends received by the ESGP Trusts amounting to nil (2019: RM120) 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).

**48. Financial guarantees**

A nominal amount of RM541 million (2019: RM2,420 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.

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**49. Material litigation**

In prior financial year, the Company and its wholly-owned subsidiary, Top Care Sdn. Bhd. ("Top Care") had 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 pertained 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. ("Aspion") from Adventa Capital for RM1.37 billion ("the SPA").

On 2 March 2020, the Company and its subsidiaries, Top Care and Aspion; and Adventa Capital and the Defendants had resolved their disputes amicably and had entered into a Settlement Agreement to record the terms of the settlement ("Settlement Agreement") in relation to all the Legal Actions filed by the parties in respect of the purchase of Aspion by Top Care.

Among the terms of the Settlement Agreement, with no admission of liability by any party, Top Care had received a total of RM245 million as full and final settlement of the disputes, and all the relevant parties in the Legal Actions shall withdraw their respective claims with no liberty to file afresh and no order as to costs.

The settlement did not have any effect on the issued and paid-up share capital of the Company. The cash proceeds from the settlement were netted off against the cost of investment and the related goodwill were reduced accordingly. The proceeds had improved the current financial year cash position of the Company. This did not give rise to any impact to the statement of profit or loss.

Other than disclosed above, the Company and its subsidiaries are not engaged in any material litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company and its subsidiaries, and the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and/or adversely affect the position or business of the Company or its subsidiaries.



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**50. Significant events**

**(a) Outbreak of Coronavirus ("Covid-19")**

In March 2020, the World Health Organisation has officially announced the outbreak of Covid-19 as a global pandemic. In order to combat the spread of Covid-19, the government of Malaysia had declared a Movement Control Order ("MCO") which encompasses restriction of movement and closure of premises, except for those involved in essential services. During this period, the Group has been granted approval by the Malaysian Government to continue its operations as the Group is in the essential industry to ensure the continuous supply of gloves to the healthcare workers and frontliners globally.

The Covid-19 outbreak has seen an overwhelming demand for essential personal healthcare protective equipment. The surge in demand for rubber gloves has led to a higher sales volume for the Group in FY2020 as compared to FY2019. The Group expects the robust demand to continue into FY2021.

During this Covid-19 period, the Group has a series of preventive measurements in place to ensure the safety of employees. The Group is actively monitoring and managing its operations to minimise any potential business risk.

**(b) U.S. Customs and Border Protection**

On 15 July 2020, the U.S. Customs and Border Protection ("US CBP") has placed a Withhold Release Order ("WRO") on importing disposable rubber gloves manufactured by two subsidiaries of the Group, namely Top Glove Sdn Bhd and TG Medical Sdn Bhd to U.S. market. The action imposed by the US CBP was mainly due to issue in regards to the remediation of recruitment fees paid to agents by the foreign workers who joined the Group prior to January 2019 without the knowledge of the Group. The Group has established a Zero Recruitment Fee Policy since January 2019.

The Group has been in cordial and constructive engagement with the US CBP and appointed an independent consultant to advise on this matter. The independent audit entails virtual interviews of about 1,100 of the Group's migrant workers across various locations and also addresses the relevant areas of concern identified by the US CBP. On 4 September 2020, the Group has submitted the Independent Audit Report to the US CBP.

Following the completion of the independent consultant's verification work, an amount of RM136 million remediation payment was recommended by the independent consultant. The Group has started making the remediation payment to its migrant workers since August 2020 and has made a total of 3 payments to date, with the balance to be paid over the next 9 months.

The Group is following up closely with the US CBP with a view to an expeditious resolution to this matter and revocation of the WRO.

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**51. Subsequent events**

- (a) On 18 August 2020, the Company obtained approval from its shareholders via an Extraordinary General Meeting in relation to the proposed bonus issue of up to 5,476,974,322 bonus shares on the basis of 2 bonus shares for every 1 existing Company's share held on 4 September 2020. On 7 September 2020, the Company announced that 5,418,718,116 bonus shares (including 1,323,200 treasury shares) were listed and quoted on the Main Market of Bursa Securities, marking the completion of the bonus issue.
- (b) A single tier final dividend in respect of the financial year ended 31 August 2020, of 8.5 sen per share on 8,130,820,000 ordinary shares amounting to RM691,120,000 had been declared on 23 September 2020. The final dividend will be paid on 3 November 2020. 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 2021.

**52. Comparative figures**

The comparative figures as at 31 August 2019 and 1 September 2018 have been adjusted retrospectively to reflect the effect of the settlement pertaining to the legal proceedings of the Company and its subsidiaries, Top Care Sdn. Bhd. and Aspion Sdn. Bhd. with Adventa Capital Pte. Ltd., ACPL Sdn. Bhd., Low Chin Guan, Wong Chin Toh and Kwek Siew Leng. The net settlement amounting to approximately RM240.4 million has been offset against the cost of investment in Top Care Sdn. Bhd.. Accordingly, the corresponding goodwill of the Group has been reduced.

Based on the above, the following comparative figures have been restated:

	<b>As previously stated</b>	<b>Adjustments</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
<b>Statements of financial position</b>			
<b>As at 31 August 2019</b>			
Intangible assets	1,256,376	(240,406)	1,015,970
Trade and other receivables	592,217	240,406	832,623
<b>As at 1 September 2018</b>			
Intangible assets	1,260,041	(240,406)	1,019,635
Trade and other receivables	637,309	240,406	877,715

**53. Authorisation of financial statements for issue**

The financial statements for the year ended 31 August 2020 were authorised for issue in accordance with a resolution of the directors on 3 November 2020.