

TOP GLOVE SHAREHOLDERS REMOVE ADVENTA CAPITAL DIRECTOR FROM BOARD

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KUALA LUMPUR: Top Glove executive chairman Tan Sri Dr Lim Wee Chai yesterday said Top Glove Corp Bhd was compelled to act after discovering the financial irregularities at Aspion Sdn Bhd that had prompted it to sue its former parent company, Adventa Capital Pte Ltd.

“Once we took over, within three months we realised something was not correct. So, it is our duty to take corrective action,” he told reporters after an extraordinary general meeting (EGM) yesterday to decide the directorship of Adventa Capital director Low Chin Guan on the Top Glove board.

Lim said the group would need some time to work out the financial provisions related to Top Glove’s RM714.85 million lawsuit against Adventa Capital, two of its directors including Low, and ACPL Sdn Bhd, a subsidiary of Adventa Capital.

“We will try to recover whatever we can. It takes some time to evaluate (but) we're doing the right thing,” he said.

Shareholders voted to remove Low from the board even though he maintained he was innocent of any fraudulent action in Top Glove's acquisition of Aspion.

“The action to remove me from the board of directors of the company is unlawful and/or is a further breach of the share purchase agreement (SPA) [signed between Top Glove and Adventa Capital],” Low said in a letter to shareholders yesterday. He did not attend the meeting.

He added that Top Glove would be held responsible for all losses suffered by Adventa, as well as losses incurred by him and Wong Chin Toh — the other director named in the suit.

“This includes but is not limited to the loss of the Finessis incentive payments pursuant to (Section) 2.2.2 of the SPA,” Low said in the letter, which Top Glove shareholders shared with the media.

Following the sale of Finessis gloves, Adventa had agreed to incentive payments for the three financial years ended Oct 31 2018 to 2020. Low also said that Adventa Capital no longer considers itself under any further obligation to reimburse Top Glove for any profit after tax shortfall for its 2018 financial year.

At a separate EGM, shareholders of Top Glove also approved a one-for-one bonus issue of up to 1.28 billion new ordinary shares, and the issuance of guaranteed exchangeable bonds with an aggregate principal amount of up to US\$300 million (RM1.24 billion).

Top Glove completed the acquisition of Aspion in April for RM1.37 billion and appointed Low an executive director in the same month. Subsequently in July, it announced it was filing a lawsuit against the parties, and secured a Mareva injunction against them in August to freeze and prevent the dissipation of the assets.

In essence, Top Glove claimed Adventa had made fraudulent misrepresentation to induce the Malaysian glove maker and its wholly-owned subsidiary Top Care Sdn Bhd to enter into the sale and purchase agreement with Adventa.

It also alleged that it had overpaid for Aspion, that there was a shortfall in the inventory recorded versus what was verified to be in existence, and that non-existent assets and expenses in relation to fixed assets were capitalised instead of being expensed when they occurred.

Top Glove's case against Adventa Capital is also being heard in Singapore courts because of an arbitration clause in the SPA that requires allegations against the Singapore-based group to be scrutinised in courts there.

Top Glove yesterday closed unchanged at RM10.50, valuing the company at RM13.42 billion.

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