

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has perused the contents of Part A of this Circular prior to its issuance as the said contents fall under the category of Limited Review Circulars pursuant to Practice Note 18 of Bursa Securities Main Market Listing Requirements.

Bursa Securities has not perused the contents of Part B of this Circular prior to its issuance as the said contents fall under the category of Exempt Circulars pursuant to Practice Note 18 of Bursa Securities Main Market Listing Requirements.

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TOP GLOVE CORPORATION BHD

(Company No.: 474423-X)

(Incorporated in Malaysia under the Companies Act, 1965)

PART A

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE

PART B

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF EXISTING
SHARE BUY-BACK AUTHORITY

The above proposals will be tabled as special businesses at the Eighteenth Annual General Meeting ("**18th AGM**") of our Company to be held at TG Grand Ballroom 1, Level 9, Top Glove Tower of 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 5 January 2017 at 11:30 a.m.

The Notice of the 18th AGM, together with the Form of Proxy, are set out in the 2016 Annual Report, which is despatched together with this Document.

As a shareholder, you are entitled to appoint a proxy or proxies to attend and to vote on your behalf. The Form of Proxy must be completed and lodged at the office of the Share Registrar of our Company, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not later than forty-eight (48) hours before the time appointed for holding the 18th AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the 18th AGM should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Tuesday, 3 January 2017 at 11:30 a.m.

Date and time of the 18th AGM : Thursday, 5 January 2017 at 11:30 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Document:

| | |
|------------------------|---|
| “Act” | : Companies Act, 1965, as amended from time to time and includes any re-enactment thereof |
| “AGM” | : Annual General Meeting |
| “Board” | : Board of Directors of our Company |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad |
| “Circular” | : Circular to Shareholders in relation to the Proposed New Shareholders’ Mandate dated 14 November 2016 |
| “CMSA” | : Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof |
| “Code” | : Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof |
| “Director(s)” | : Shall have the meaning given in Section 2(1) of the CMSA and for the purpose of the Proposed New Shareholders’ Mandate includes any person who is or was within the preceding six (6) months from the date on which the terms of the transactions were agreed upon, a director of our Company, its subsidiary or holding company or a chief executive of our Company, its subsidiary or holding company |
| “Document” | : This circular to shareholders in relation to the Proposed New Shareholders’ Mandate and share buy-back statement in relation to the Proposed Renewal of Existing Share Buy-Back Authority |
| “EPS” | : Earnings Per Share |
| “ESOS II Options” | : Employees’ Share Option Scheme II, which was established by our Company on 1 August 2008 |
| “FYE” | : Financial years ended/ending |
| “Listing Requirements” | : Bursa Securities Main Market Listing Requirements, as amended from time to time |
| “LPD” | : 27 October 2016, being the latest practicable date prior to the printing of this Document |
| “Major Shareholder” | : A person who has an interest or interests in one (1) or more voting shares in our Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is 10% or more of the aggregate of the nominal amounts of all the voting shares in our Company; or 5% or more of the aggregate of the nominal amounts of all the voting shares in our Company where such person is the largest shareholder of our Company (“ interest in shares ” shall have the meaning given in Section 6A of the Act) and for the purpose of the Proposed New Shareholders’ Mandate includes any person who is or was within the preceding six (6) months from the date on which the terms of the transactions were agreed upon, a Major Shareholder of our Company, its subsidiary or holding company |

| | | |
|--|---|---|
| “NA” | : | Net Assets |
| “Person(s) connected” | : | <p>In relation to a Director or Major Shareholder, means such person who falls under any one (1) of the following categories:</p> <ol style="list-style-type: none"> i. a family member of the Director or Major Shareholder (for the purpose of this definition, “family” means and includes spouse, parent, child including an adopted child and step-child, brother or sister, spouse of child including an adopted child and step-child, and spouse of brother or sister); ii. a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or their family member, is the sole beneficiary; iii. a partner of the Director or Major Shareholder, or a partner of a person connected with that Director or Major Shareholder; iv. a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; v. a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; vi. a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; vii. a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; viii. a body corporate in which the Director, Major Shareholder or persons connected with them are entitled to exercise or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or ix. a body corporate which is a related corporation (for the purpose of this definition, “related corporation” means a corporation which is the holding company of another corporation; a subsidiary of another corporation; or a subsidiary of the holding company of another corporation) |
| “Proposed Renewal of Share Buy-Back Authority” | : | Proposed renewal of authority for the purchase of the Shares by our Company |
| “Proposed New Shareholders’ Mandate” | : | Proposed new shareholders’ mandate for Recurrent Related Party Transactions |
| “Recurrent Related Party Transactions” or “RRPT” | : | Related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Group’s day-to-day operations and are entered into by the Group in the ordinary course of business which involves the interest, direct or indirect, of a Related Party |

| | | |
|------------------------------------|---|---|
| “Related Party(ies)” | : | A Director, Major Shareholder or person connected with such Director or Major Shareholder |
| “RM” | : | Ringgit Malaysia |
| “SC” | : | Securities Commission Malaysia |
| “Top Glove Share(s)” or “Share(s)” | : | Ordinary share(s) of RM0.50 each in our Company |
| “Top Glove” or “the Company” | : | Top Glove Corporation Bhd (Company No. 474423-X) |
| “Top Glove Group” or “the Group” | : | Top Glove and its subsidiaries, collectively |

Rounding

Throughout this Document, for ease of reading, certain figures have been rounded.

Notes:

All references to “**our Company**” in this Document are to Top Glove, references to “**our Group**” are to our Company and our subsidiaries, collectively and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and save where the context requires, shall include our subsidiaries.

All references to “**you**” in this Document are to the shareholders of our Company.

Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporations, unless otherwise specified.

Any reference to an enactment in this Document is a reference to that enactment as for the time being amended or re-enacted.

Any reference to the time of day in this Document is a reference to Malaysian time.

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PART A

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE
PROPOSED NEW SHAREHOLDERS' MANDATE**

TOP GLOVE

TOP QUALITY, TOP EFFICIENCY

TOP GLOVE CORPORATION BHD

(Company No.: 474423-X)

(Incorporated in Malaysia under the Act)

Registered Office:

Level 21, Top Glove Tower,
16, Persiaran Setia Dagang,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan

14 November 2016

Directors

Tan Sri Dr Lim Wee Chai (Executive Chairman)
Tan Sri Dato' Seri Utama Arshad bin Ayub (Independent Non-Executive Director)
Tan Sri Mohd Sidek bin Haji Hassan (Senior Independent Non-Executive Director)
Tan Sri Rainer Althoff (Independent Non-Executive Director)
Lee Kim Meow (Managing Director)
Puan Sri Tong Siew Bee (Executive Director)
Lim Hooi Sin (Executive Director)
Lim Cheong Guan (Executive Director)
Dato' Lim Han Boon (Independent Non-Executive Director)
Datuk Noripah binti Kamso (Independent Non-Executive Director)
Sharmila Sekarajasekaran (Independent Non-Executive Director)
Tay Seong Chee Simon (Independent Non-Executive Director)

To: Our shareholders

Dear Sir/Madam,

PROPOSED NEW SHAREHOLDERS' MANDATE

1. INTRODUCTION

On 12 October 2016, our Board had announced to Bursa Securities that we proposed to seek our shareholders' approval for the Proposed New Shareholders' Mandate in our forthcoming Eighteenth AGM.

THE PURPOSE OF PART A OF THIS DOCUMENT IS TO PROVIDE YOU WITH DETAILS AND INFORMATION ON THE PROPOSED NEW SHAREHOLDERS' MANDATE AS WELL AS TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED NEW SHAREHOLDERS' MANDATE TO BE TABLED AT OUR FORTHCOMING EIGHTEENTH AGM. THE NOTICE OF THE EIGHTEENTH AGM AND THE FORM OF PROXY ARE SET OUT IN THE 2016 ANNUAL REPORT.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART A OF THIS DOCUMENT TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED NEW SHAREHOLDERS' MANDATE TO BE TABLED AT OUR FORTHCOMING EIGHTEENTH AGM.

2. DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for related party transactions involving recurrent transactions of a revenue or trading nature entered into by the listed issuer or its subsidiaries, which involves the interest, direct, or indirect, of a related party, and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries, subject to, inter-alia, the following:

- a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the following threshold prescribed:
 - i) the consideration, value of the assets, capital outlay or costs of the recurrent related party transactions is RM1.0 million or more; or
 - ii) the percentage ratio of such recurrent related party transactions is 1% or more,whichever is the higher;
- c) the issuance of a circular to shareholders for the shareholder mandate, which shall include information as may be prescribed by Bursa Securities and which shall be submitted to Bursa Securities together with a checklist showing compliance with such information;
- d) in a meeting to obtain shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the shareholder mandate. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution to seek the shareholder mandate; and
- e) the listed issuer immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transactions disclosed in the circular by 10% or more and the announcement must include the information as may be prescribed by Bursa Securities.

2.2 Background

The RRPTs are detailed in item 2.5 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

In view of the frequent nature of such RRPTs, our Board is seeking a new shareholders' mandate for our Group to enter into such transactions in the normal course of business with the classes of Related Parties set out in item 2.4 below. Such transactions are entered into on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. The RRPTs are also subject to the review procedures set out in item 4 below.

The Proposed New Shareholders' Mandate is subject to annual renewal. The authority, if approved by our shareholders at our forthcoming Eighteenth AGM, shall continue to be in force until:

- a) the conclusion of the first AGM following the Eighteenth AGM, at which time it will lapse, unless by a resolution passed at the next AGM following the Eighteenth AGM, the authority is renewed;
 - b) the expiration of the period within which the next AGM following the Eighteenth AGM after that date is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - c) revoked or varied by resolution passed by our shareholders in general meeting,
- whichever is the earlier.

A disclosure of the aggregate value of the RRPTs conducted pursuant to the Proposed New Shareholders' Mandate shall be made in the annual report, including a breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:

- a) the type of the RRPTs made; and
- b) the names of the Related Parties involved in each type of RRPT made and their relationship with our Company.

2.3 Principal activities of our Group

Our Company is principally engaged in investment holding and provision of management services.

The principal activities of our subsidiaries as at the LPD are as follows:

| Name of Company | Effective equity interest (%) | Principal Activities |
|--|-------------------------------|---|
| Subsidiaries of our Company: | | |
| 1. Top Glove Sdn. Bhd. | 100 | Manufacturing and trading of gloves |
| 2. Top Glove Engineering Sdn. Bhd. | 100 | Property investment |
| 3. Great Glove Sdn. Bhd. | 100 | Provision of management services |
| 4. TG Medical (U.S.A.) Inc. | 100 | Trading of gloves |
| 5. GMP Medicare Sdn. Bhd. | 100 | Manufacturing and trading of gloves |
| 6. Top Quality Glove Sdn. Bhd. | 100 | Manufacturing and trading of gloves |
| 7. TG Medical Sdn. Bhd. | 100 | Manufacturing and trading of gloves |
| 8. Top Care Sdn. Bhd. | 100 | Investment holding |
| Subsidiaries of Top Glove Sdn. Bhd.: | | |
| 9. Flexitech Sdn. Bhd. | 100 | Manufacturing and trading of gloves |
| 10. Medi-Flex Pte. Ltd. | 100 | Investment holding |
| 11. Top Glove Europe GmbH | 98 | Trading of gloves |
| 12. TG Medical Suzhou Co., Ltd. (F.K.A. TG Medical Suzhou Incorporated) | 100 | Trading of gloves |
| 13. Great Glove (XingHua) Co. Ltd. | 100 | Manufacturing and trading of gloves |
| 14. BestStar Enterprise Ltd. | 100 | Investment holding |
| 15. Top Glove Properties Sdn. Bhd. | 100 | Property investment |
| 16. Top Glove International Sdn. Bhd. | 100 | Dormant |
| 17. TG Porcelain Sdn. Bhd. | 100 | Manufacturing of Formers |
| 18. Top Glove Technology (Thailand) Co. Ltd. | 100 | Producing and selling concentrate latex |
| 19. Top Glove Medical (Thailand) Co. Ltd. | 100 | Manufacturing and trading of gloves |

| Name of Company | Effective equity interest (%) | Principal Activities |
|--|-------------------------------|--|
| 20. B Tech Industry Co. Ltd. | 100 | Producing and selling concentrate latex |
| 21. Great Glove (Thailand) Co. Ltd. | 74 | Manufacturing and trading of gloves |
| 22. Top Quality Gloves (Thailand) Co. Ltd. | 100 | Dormant |
| 23. TGGD Medical Clinic Sdn. Bhd. (F.K.A. TG GD Medical Clinic Sdn. Bhd.) | 95 | Providing clinical and specialist medical services within the states of Malaysia |
| 24. Top Glove Chemicals Sdn. Bhd. | 100 | Manufacturing of chemicals and chemical compounds |
| Subsidiary of TG Medical Sdn. Bhd.: | | |
| 25. Top Healthy Fitness Sdn. Bhd. (F.K.A. Top Glove Agro Sdn. Bhd.) | 100 | Operating fitness centre |
| Subsidiaries of Top Care Sdn. Bhd.: | | |
| 26. Best Advance Resources Limited | 100 | Investment holding |
| 27. Green Resources Limited | 100 | Investment holding |
| Subsidiary of Flexitech Sdn. Bhd.: | | |
| 28. Techniglove Asia Sdn. Bhd. | 100 | Temporarily ceased operations |
| Subsidiaries of Best Advance Resources Limited: | | |
| 29. PT. Topglove Indonesia | 100 | Investment holding |
| Subsidiary of PT. Topglove Indonesia: | | |
| 30. PT. Agro Pratama Sejahtera | 95 | Rubber plantation |
| Subsidiary of Great Glove (XingHua) Co Ltd.: | | |
| 31. TG Medical (Xinghua) Co., Ltd | 100 | Trading of all types of gloves, medical-related products and devices |
| 32. TG Medical (Putian) Co., Ltd. | 100 | Trading of all types of gloves, medical-related products and devices |

2.4 Classes of Related Parties

The Proposed New Shareholders' Mandate would apply to RRPTs entered into by our Group which involves the interest, direct or indirect, of the following Related Parties described below. Details of such Related Parties including their relationship with our Group and their names are as follows:

| No. | Names | Principal activities | Relationship |
|-----|---------------------|----------------------|--|
| 1. | Dato' Lim Kwee Fatt | Not applicable | <ul style="list-style-type: none"> Person connected to our Directors and Major Shareholders by virtue of the following relationships: <ul style="list-style-type: none"> (a) Brother of Tan Sri Dr Lim Wee Chai, our executive chairman and Major Shareholder (b) Brother of Mr Lim Hooi Sin, our Director and Major Shareholder (c) Brother-in-law of Puan Sri Tong Siew Bee, our Director and Major Shareholder |

| No. | Names | Principal activities | Relationship |
|-----|--------------------------------|----------------------|---|
| | | | <ul style="list-style-type: none"> Controlling shareholder of Rubbercom Sdn. Bhd., the holding company of Hadsyn Rubber Co. Ltd, and Thaima Rubber Co. Ltd. |
| 2. | Tan Sri Dr <u>Lim</u> Wee Chai | Not applicable | <ul style="list-style-type: none"> Our executive chairman and Major Shareholder Brother of Dato' Lim Kwee Fatt, the controlling shareholder of Rubbercom Sdn. Bhd., Hadsyn Rubber Co. Ltd. and Thaima Rubber Co. Ltd. Brother of Mr Lim Hooi Sin, our Director and Major Shareholder Spouse of Puan Sri Tong Siew Bee, our Director and Major Shareholder Father of Mr Lim Jin Feng, our Major Shareholder |
| 3. | Lim Hooi Sin | Not applicable | <ul style="list-style-type: none"> Our Director and Major Shareholder Brother of Dato' Lim Kwee Fatt, controlling shareholder of Rubbercom Sdn. Bhd., Hadsyn Rubber Co. Ltd. and Thaima Rubber Co. Ltd. Brother of Tan Sri Dr <u>Lim</u> Wee Chai, our executive chairman and Major Shareholder Brother-in-law of Puan Sri Tong Siew Bee, our Director and Major Shareholder |
| 4. | Puan Sri Tong Siew Bee | Not applicable | <ul style="list-style-type: none"> Our Director and Major Shareholder Sister-in-law of Dato' Lim Kwee Fatt, controlling shareholder of Rubbercom Sdn. Bhd., Hadsyn Rubber Co. Ltd and Thaima Rubber Co. Ltd Sister-in-law of Mr Lim Hooi Sin, our Director and Major Shareholder Spouse of Tan Sri Dr <u>Lim</u> Wee Chai, our executive chairman and Major Shareholder Mother of Mr Lim Jin Feng, our Major Shareholder |
| 5. | Lim Jin Feng | Not applicable | <ul style="list-style-type: none"> Our Major Shareholder Son of Tan Sri Dr <u>Lim</u> Wee Chai, our executive chairman and Major Shareholder Son of Puan Sri Tong Siew Bee, our Director and Major Shareholder |
| 6. | Rubbercom Sdn. Bhd. | Investment holding | <ul style="list-style-type: none"> Person connected to Dato' Lim Kwee Fatt ~ a company in which he has interest by virtue of him being |

| No. | Names | Principal activities | Relationship |
|-----|------------------------|---------------------------------------|---|
| | | | controlling shareholder of Rubbercom Sdn. Bhd. • Holding company of Hadsyn Rubber Co. Ltd. and Thaima Rubber Co. Ltd. |
| 7. | Hadsyn Rubber Co. Ltd. | Manufacturing and importing of rubber | • Person connected to Dato' Lim Kwee Fatt ~ a company in which he has interest by virtue of him being controlling shareholder of Rubbercom Sdn. Bhd., its holding company |
| 8. | Thaima Rubber Co. Ltd. | Manufacturing and importing of rubber | • Person connected to Dato' Lim Kwee Fatt ~ a company in which he has interest by virtue of him being controlling shareholder of Rubbercom Sdn. Bhd, its holding company |

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2.5 Details of nature of the RRPTs and nature and extent of interests of the Related Parties in the RRPTs

The RRPTs to be covered under the Proposed New Shareholders' Mandate relate to transactions for the provision of products/services of a revenue or trading nature to the Group, which are necessary for the day-to-day operations and are in the normal course of business of the Group, as follows:

| No. | Related transacting party (Seller/Provider) | Related transacting party (Buyer/ Recipient) | Name of interested Related Parties * | Nature of transactions | Estimated aggregate value of transactions from the Eighteenth AGM to the next AGM in 2018 # (RM' 000) | % of total natural rubber concentrated by latex purchased by Top Glove Group |
|-----|---|--|--|---|---|--|
| 1. | Hadsyn Rubber Co. Ltd. | Top Glove Group | <ul style="list-style-type: none"> • Dato' Lim Kwee Fatt • Tan Sri Dr Lim Wee Chai | Purchase of natural rubber concentrate latex by Buyer/ Recipient from Seller/ Provider. | 20,000 | 4% |
| 2. | Thaima Rubber Co. Ltd. | Top Glove Group | <ul style="list-style-type: none"> • Mr Lim Hooi Sin • Puan Sri Tong Bee • Mr Lim Jin Feng • Rubbercom Sdn. Bhd. | | 20,000 | 4% |

* Please refer to item 2.4 above for details of the principal activities and relationship.

The above estimated values are based on Management's estimate of the value of transactions. These estimates have been arrived at by the Group after taking into consideration both historical data and the best estimate for these transactions, prevailing rates/prices obtained from the Related Parties which are market-competitive prices based on the normal level of transactions entered into by the Group and as such, may be subject to changes.

2.6 Outstanding RRPTs Receivables

There is no amount due and owing to the Group by its Related Parties pursuant to the RRPTs, as such the disclosure as required under Paragraphs 16A and 16B in the Annexure PN 12-A of the Listing Requirements, are not applicable.

3. RATIONALE FOR THE RRPT AND BENEFITS TO THE GROUP

The RRPTs with the Related Parties are all conducted in the ordinary course of business and are recurring transactions of a revenue and trading in nature which are necessary for day-to-day operations. The RRPTs are likely to occur with some degree of frequency and could arise at any time. The RRPTs may be constrained by time, and may be sensitive and confidential in nature, and hence, it is more efficient to engage in the RRPTs with the Related Parties. Further, our Group would have an advantage of familiarity with the background, financial well-being and management of the Related Parties.

Transacting with the Related Parties is expected to be beneficial to Group as it diversify the suppliers based of latex concentrate, and avoid dependency of only few suppliers. This will enable the Group to ensure the level of consistency, reliability, speed and quality of the products/services provided where our Group would be given service priority. With this, the RRPTs would allow our Group to better manage its operations efficiently through the utilisation of Related Parties' resources.

Obtaining a shareholders' mandate for the RRPTs on an annual basis would facilitate our Group to continue transacting with the Related Parties without having to make multiple announcements and/or convene a separate general meeting to seek shareholders' approval or mandate. This will avoid the need to convene a separate general meetings on an ad hoc basis, which is incur additional costs, improve corporate administration efficiency and allow resources and time to be channelled towards attaining other corporate objectives.

The RRPTs are entered into on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

4. METHODS OR PROCEDURES FOR DETERMINATION OF TRANSACTION PRICE AND TERMS OF THE RRPT CONTEMPLATED UNDER THE PROPOSED NEW SHAREHOLDERS' MANDATE

Our Board has in place the following internal review procedures to ensure that transactions with Related Parties undertaken on arms' length basis and on terms which are not more favourable to the Related Parties than those generally available to the public and are based on normal commercial terms consistent with our Group's usual business practices and are not to the detriment of the minority shareholders:

- (i) The pricing of transactions with a Related Parties will take into account the pricing, prevailing market rates, conditions, quality, availability, timing of delivery, level of service and other related facts. The final pricing of transactions with the Related Parties shall not be at terms more favourable to the Related Parties and higher than the prevailing market rates;
- (ii) The price of the natural rubber concentrate latex purchase from Hadsyn Rubber Co., Ltd and Thaima Rubber Co., Ltd. are based on the previous month average of the Malaysia Board Rubber Price minus a discount and the discount will be the same as the discount given by all other unrelated third parties for similar products and/or quantities. At least two (2) other contemporaneous transactions with unrelated third parties for similar products and/or quantities will be used as comparison. Hence, the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products and/or quantities;
- (iii) All transactions entered/to be entered into pursuant to the Proposed New Shareholders' Mandate have been/will be tabled to the Audit Committee on a quarterly basis for its review of compliance with the above. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources;

- (iv) Records will be maintained by our Company to capture all RRPTs entered into pursuant to the Proposed New Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (v) The Audit Committee shall continuously review the adequacy and appropriateness of the procedures, as and when required, with the authority to sub-delegate to individuals or committee(s) within our Company as they deem appropriate;
- (vi) Where any of our Directors has an interest (whether direct or indirect) in a RRPT, such Director(s) shall abstain from all deliberations and voting on that matter in the Board's deliberations of such transaction. Where any member of the Audit Committee is interested in a RRPT, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transaction;
- (vii) Immediate announcement will be made when the actual amount of a RRPT exceeds the estimated value of the RRPTs disclosed in this Document by 10% or more; and
- (viii) Disclosure will be made in the Annual Report of the Company of the aggregate value of transactions conducted pursuant to the Proposed New Shareholders' Mandate.

In the event that quotation or comparative pricing from unrelated third parties could not be obtained, the transaction prices will be based on usual business practice of our Group.

5. THRESHOLDS FOR THE APPROVAL OF RRPT WITHIN THE GROUP

There is no specific threshold for approval of RRPTs. All mandated RRPTs would be reviewed by the Audit Committee on quarterly basis.

Any mandated RRPTs exceeded the respective mandated aggregate transaction value as given in item 2.5 above require approval of the Audit Committee and the Board. Any mandated RRPT below the respective mandated aggregate transaction value will be reviewed and approved by an executive director of the Company.

Any non-mandated RRPT within our Group require review and approval of the Audit Committee and the Board before the transaction is entered into.

6. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

The direct and indirect shareholdings of our Directors and Major Shareholders who have interests, direct and indirect, in the Proposed New Shareholders' Mandate, as at the LPD are as follows:

| Interested Parties | No. of Shares held | | | |
|---|--------------------|--------|----------------------------|--------|
| | Direct | % | Indirect | % |
| <i>Our Director and Major Shareholder</i> • Tan Sri Dr <u>Lim</u> Wee Chai | 368,812,676 | 29.440 | 102,892,908 ⁽¹⁾ | 8.213 |
| <i>Our Director and Major Shareholder</i> • Puan Sri Tong Siew Bee | 18,364,596 | 1.466 | 453,340,988 ⁽²⁾ | 36.188 |
| <i>Our Director and Major Shareholder</i> • Lim Hooi Sin | 20,209,824 | 1.613 | 451,484,860 ⁽³⁾ | 36.040 |

| Interested Parties | No. of Shares held | | | |
|---|--------------------|-------|----------------------------|--------|
| | Direct | % | Indirect | % |
| <i>Our Major Shareholder</i> <ul style="list-style-type: none"> Lim Jin Feng | 10,900 | 0.001 | 451,484,860 ⁽⁴⁾ | 36.040 |
| <i>Person connected</i> <ul style="list-style-type: none"> Dato' Lim Kwee Fatt | 12,320 | 0.001 | - | - |

Note:

(1) Deemed interested by virtue of his direct interest in the equity of Firstway United Corp which in turn hold shares in Top Glove and by virtue of the shareholding in Top Glove of his spouse, Puan Sri Tong Siew Bee, his brother, Mr Lim Hooi Sin and his son, Mr Lim Jin Feng.

(2) Deemed interested by virtue of her direct interest in the equity of Firstway United Corp which in turn hold shares in Top Glove and by virtue of the shareholding in Top Glove of her spouse, Tan Sri Dr Lim Wee Chai, her brother-in-law, Mr Lim Hooi Sin and her son, Mr Lim Jin Feng.

(3) Deemed interested by virtue of his indirect interest in the equity of Firstway United Corp which in turn hold shares in Top Glove and by virtue of the shareholding in Top Glove of his brother, Tan Sri Dr Lim Wee Chai and his sister-in-law, Puan Sri Tong Siew Bee.

(4) Deemed interested by virtue of his indirect interest in the equity of Firstway United Corp which in turn hold shares in Top Glove and by virtue of the shareholding in Top Glove of his father, Tan Sri Dr Lim Wee Chai and his mother, Puan Sri Tong Siew Bee.

Hadsyn Rubber Co. Ltd., Thaima Rubber Co. Ltd. and Rubbercom Sdn. Bhd. have no direct and/or indirect shareholdings in our Company as at the LPD.

Our Directors and Major Shareholders, namely, Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee, Mr Lim Hooi Sin and Mr Lim Jin Feng who are interested in the Proposed New Shareholders' Mandate, have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed New Shareholders' Mandate involving them at Board meetings and shall also abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the ordinary resolution to be tabled in respect of the Proposed New Shareholders' Mandate in which they are interested in at our forthcoming Eighteenth AGM.

Further, our Directors and Major Shareholders, namely, Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee, Mr Lim Hooi Sin and Mr Lim Jin Feng have undertaken that they will ensure that the persons connected to them will abstain from voting in respect of their direct and indirect shareholdings in our Company and deliberating or approving the ordinary resolution to be tabled in respect of the Proposed New Shareholders' Mandate in which they are interested in at our forthcoming Eighteenth AGM.

Save for the above interested parties, none of the other Directors or Major Shareholders or persons connected to them have any interest direct and indirect in the Proposed New Shareholders' Mandate.

7. EFFECT OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate will not have any effect on the issued and paid-up share capital, the shareholdings of the Major Shareholders and the consolidated NA of our Group. The Proposed New Shareholders' Mandate is also not expected to have any material effect on the EPS of our Group for the FYE 31 August 2017.

8. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company has seen and reviewed the methods or procedures mentioned in item 4 above and is of the view that the said methods or procedures are sufficient to ensure that the RRPTs are undertaken on an arms' length basis and on normal commercial terms and on transaction price which are not more favourable to the Related Parties than those generally available to the public and are in the best interests of our Company, fair, reasonable and are not detrimental to the minority shareholders of our Company. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the RRPTs.

The Audit Committee is of the view that our Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee reviews these procedures and processes annually or from time to time where relevant and feasible.

9. BOARD'S OPINION AND RECOMMENDATION

Our Board (save and except for our interested Directors, Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Mr Lim Hooi Sin have abstained and will continue to abstain from expressing an opinion on the Proposed New Shareholders' Mandate), after having considered the Proposed New Shareholders' Mandate as set out above, is of the opinion that the Proposed New Shareholders' Mandate is in the best interest of our Company. Our Board (save for our interested Directors, Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Mr Lim Hooi Sin have abstained and will continue to abstain from expressing an opinion on the Proposed New Shareholders' Mandate) therefore recommends that you vote in favour of the ordinary resolution pertaining to the Proposed New Shareholders' Mandate to be tabled at our forthcoming Eighteenth AGM.

10. APPROVAL REQUIRED

The Proposed New Shareholders' Mandate is subject to the approval of our shareholders at our forthcoming Eighteenth AGM to be convened or at any adjourned thereof.

11. EIGHTEENTH AGM

Our Eighteenth AGM will be held at TG Grand Ballroom 1, Level 9, Top Glove Tower of 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 5 January 2017 at 11:30 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modification, the ordinary resolution to give effect to the Proposed New Shareholders' Mandate under the agenda of Special Business as set out in the 2016 Annual Report.

If you are unable to attend and vote in person at our forthcoming Eighteenth AGM, you may complete, sign and return the Form of Proxy in accordance with the instructions contained therein, to be deposited at the office of our Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than forty-eight (48) hours before the time set for our forthcoming Eighteenth AGM.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at our forthcoming Eighteenth AGM should you subsequently wish to do so.

12. FURTHER INFORMATION

You are requested to refer to the attached Appendix I of this Document for further information.

Yours faithfully
for and on behalf of the Board
TOP GLOVE CORPORATION BHD

LEE KIM MEOW
Managing Director

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PART B

SHARE BUY-BACK STATEMENT

IN RELATION TO THE

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY



TOP GLOVE CORPORATION BHD

(Company No.: 474423-X)

(Incorporated in Malaysia under the Act)

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

On 12 October 2016, our Board had announced to Bursa Securities that we proposed to seek our shareholders' approval for the Proposed Renewal of Share Buy-Back Authority in our Eighteenth AGM.

THE PURPOSE OF PART B OF THIS DOCUMENT IS TO PROVIDE YOU WITH DETAILS AND INFORMATION ON THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AS WELL AS TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AT OUR FORTHCOMING EIGHTEENTH AGM. THE NOTICE OF THE EIGHTEENTH AGM AND THE FORM OF PROXY ARE SET OUT IN THE 2016 ANNUAL REPORT.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART B OF THIS DOCUMENT TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AT OUR FORTHCOMING EIGHTEENTH AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

At our Seventeenth AGM held on 6 January 2016, you had inter-alia, granted a mandate for our Company to purchase and/or hold in aggregate up to ten per centum (10%) of the total issued and paid-up share capital of our Company at any point in time through Bursa Securities ("**Shareholders' Mandate**").

The authority conferred by the Shareholders' Mandate shall in accordance with the Listing Requirements lapse at the conclusion of our forthcoming Eighteenth AGM unless authority for its renewal is obtained from our shareholders at our forthcoming Eighteenth AGM.

As at LPD, the total issued and paid-up share capital of our Company based on the Record of Depositors is RM627,454,482.00 comprising 1,254,908,964 Shares. As an illustration, the maximum number of Top Glove Shares which may be purchased by our Company will not be more than 125,490,896 Top Glove Shares based on the issued and paid-up share capital of our Company as at LPD.

As at LPD, our Company had purchased 3,324,400 Top Glove Shares and 2,164,400 Top Glove Shares purchased were held as treasury shares whereas 1,160,000 Top Glove Shares were re-sold.

As at LPD, our Company has outstanding ESOS II Options of 3,865,960. Should the issued and paid-up share capital of our Company increase due to the exercise of the ESOS II Options, the maximum number of Shares that can be purchased is up to ten per centum (10%) of the enlarged issued and paid-up share capital of our Company at the time of purchase.

The Proposed Renewal of Share Buy-Back Authority will be effective upon the passing of the resolution in our forthcoming Eighteenth AGM until:

- i) the conclusion of our next AGM following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - ii) the expiration of the period within which our next AGM after that date is required by law to be held; or
 - iii) revoked or varied by ordinary resolution passed by our shareholders in general meeting,
- whichever occurs first.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority is likely to potentially benefit our Company and you in the following manner:

- i) Enable our Group to utilise surplus financial resources to purchase Top Glove Shares;
- ii) Our Company may be able to stabilise the supply and demand of Top Glove Shares in the open market and thereby support its fundamental value;
- iii) All other things being equal, the Proposed Renewal of Share Buy-Back Authority will result in a lower number of Top Glove Shares being used for the purpose of computing EPS, if the Top Glove Shares purchased are subsequently cancelled or during the period such Shares are held as treasury shares. Therefore, the Proposed Renewal of Share Buy-Back Authority will improve the EPS of our Company, which is in turn expected to have a positive impact on the market price of the Top Glove Shares; and
- iv) If the Top Glove Shares so purchased are kept as treasury shares, our Company may have the opportunity to realise capital gains if these Shares are resold on Bursa Securities at price(s) higher than their purchase price(s). Alternatively, the Shares so purchased may be distributed as share dividends to reward our shareholders.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

4.1 Potential Advantages:

- i) The Proposed Renewal of Share Buy-Back Authority will allow our Company to utilise our financial resources where there are no immediate use, to purchase Top Glove Shares. The Top Glove Shares purchased are expected to enhance the consolidated EPS;
- ii) The Proposed Renewal of Share Buy-Back Authority may also stabilise the supply and demand of Top Glove Shares traded on Bursa Securities and reduce the volatility of Top Glove Shares' prices. The stability of Top Glove Shares' prices is important to maintain investors' confidence to facilitate any future fund raising exercises via the equity market;
- iii) The Proposed Renewal of Share Buy-Back Authority will also provide us with opportunities for potential gains if the purchased Top Glove Shares which are retained as treasury shares are resold at prices higher than their purchase prices; and
- iv) In the event the treasury shares are distributed as share dividends, it will serve to reward our shareholders.

4.2 Potential Disadvantages:

- i) The Proposed Renewal of Share Buy-Back Authority, if implement, will temporarily reduce our financial resources. However, our financial resources may recover or increase if we resell the purchased Top Glove Shares held as treasury shares in the market;
- ii) The funds allocated for the Proposed Renewal of Share Buy-Back Authority could be used for other better investment opportunities which may emerge in the future; and
- iii) As the funds to be allocated for the Proposed Renewal of Share Buy-Back Authority must be made wholly out of our Company's retained profits or share premium account, the amount available from these accounts for distribution of dividends to our shareholders may decrease accordingly.

Nevertheless, your Board is of the view that the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantage to you as shareholders as well as our Company as it will be implemented only after careful consideration of our financial resources and the resultant impact on you.

5. FUNDING

A sum of not exceeding the aggregate of our Company's retained profits or the share premium account at the time of purchases will be allocated for the Proposed Renewal of Share Buy-Back Authority. The funding of the Proposed Renewal of Share Buy-Back Authority will be from internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Top Glove Shares to be purchased and other relevant cost factors. The actual number of Top Glove Shares to be purchased and/or held and timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits, share premium account and financial resources available to our Company. If our Company purchases the Top Glove Shares using external borrowings, your Board will ensure that our Company has sufficient funds to repay the external borrowings and that the external borrowings will have no material effect on our cash flow.

The maximum fund to be allocated by our Company for the Proposed Renewal of Share Buy-Back Authority will be made wholly out of retained profits or share premium account, if any. As at 31 August 2016, our audited accumulated retained profits and share premium account amounted to RM55,609,000.00 and RM4,781,000.00 respectively.

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6. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS AND PUBLIC SHAREHOLDING SPREAD

The table below illustrates the direct and indirect interests of our Directors and substantial shareholders as at LPD assuming that:

- (a) Our Company purchases 125,490,896 Top Glove Shares, representing approximately ten per centum (10%) of our Company's issued and paid-up share capital as at that date, from parties other than our Directors and substantial shareholders; and
- (b) Our Company purchases 125,877,492 Top Glove Shares, representing approximately ten per centum (10%) of our Company's enlarged issued and paid-up share capital (assuming full exercise of the outstanding ESOS II Options amounted to 3,865,960), from parties other than our Directors and substantial shareholders.

Effects of the Proposed Renewal of Share Buy-Back Authority on Directors' and substantial shareholders' shareholdings

| Name | As at LPD ⁽ⁱ⁾ | | | After Proposed Renewal of Share Buy-Back Authority ⁽ⁱⁱ⁾ | | |
|--|---------------------------------------|------------|---|--|------------|---|
| | *Direct Shareholding No. of Shares | % | *Indirect Shareholding No. of Shares | *Direct Shareholding No. of Shares | % | *Indirect Shareholding No. of Shares |
| Directors | | | | | | |
| Tan Sri Dr Lim Wee Chai ^a | 368,812,676 | 29.44 | 102,892,908 | 368,812,676 | 32.72 | 102,892,908 |
| Tan Sri Dato' Seri Utama Arshad bin Ayub | 800,000 | 0.06 | - | 800,000 | 0.07 | - |
| Tan Sri Mohd Sidek bin Haji Hassan | - | - | - | - | - | - |
| Tan Sri Rainer Althoff | - | - | - | - | - | - |
| Lee Kim Meow ^b | 580,100 | 0.05 | 20,000 | 580,100 | 0.05 | 20,000 |
| Puan Sri Tong Siew Bee ^c | 18,364,596 | 1.47 | 453,340,988 | 18,364,596 | 1.63 | 453,340,988 |
| Lim Hooi Sin ^d | 20,209,824 | 1.61 | 451,484,860 | 20,209,824 | 1.79 | 451,484,860 |
| Lim Cheong Guan ^e | 8,000 | Negligible | - | 8,000 | Negligible | - |
| Dato' Lim Han Boon | - | - | - | - | - | - |
| Datuk Noripah binti Kamso | - | - | - | - | - | - |
| Sharmila Sekarajasekaran | - | - | - | - | - | - |
| Tay Seong Chee Simon | - | - | - | - | - | - |

Effects of the Proposed Renewal of Share Buy-Back Authority on Directors' and substantial shareholders' shareholdings (cont'd)

| Name | As at LPD ⁽ⁱ⁾ | | After Proposed Renewal of Share Buy-Back Authority ⁽ⁱⁱ⁾ | |
|--------------------------------------|---------------------------------------|--------------------|--|--------------------|
| | *Direct Shareholding No. of Shares | % No. of Shares | *Direct Shareholding No. of Shares | % No. of Shares |
| Substantial Shareholders | | | | |
| Tan Sri Dr Lim Wee Chai ^a | 368,812,676 | 29.44 | 102,892,908 | 8.21 |
| Puan Sri Tong Siew Bee ^c | 18,364,596 | 1.47 | 453,340,988 | 36.19 |
| Lim Hooi Sin ^d | 20,209,824 | 1.61 | 451,484,860 | 36.04 |
| Lim Jin Feng ^f | 10,900 | Negligible | 451,484,860 | 36.04 |
| Firstway United Corp | 64,307,588 | 5.13 | - | - |
| Employees Provident Fund Board | 110,978,646 | 8.86 | - | - |

As at LDP and assuming full exercise of outstanding ESOS II Options

| Name | As at LPD ⁽ⁱ⁾ | | After Proposed Renewal of Share Buy-Back Authority ⁽ⁱⁱ⁾ | |
|--|---------------------------------------|--------------------|--|--------------------|
| | *Direct Shareholding No. of Shares | % No. of Shares | *Direct Shareholding No. of Shares | % No. of Shares |
| Directors | | | | |
| Tan Sri Dr Lim Wee Chai ^a | 368,812,676 | 29.35 | 102,892,908 | 8.19 |
| Tan Sri Dato' Seri Utama Arshad bin Ayub | 800,000 | 0.06 | - | - |
| Tan Sri Mohd Sidek bin Haji Hassan | - | - | - | - |
| Tan Sri Rainer Althoff | - | - | - | - |
| Lee Kim Meow ^b | 580,100 | 0.05 | 20,000 | Negligible |
| Puan Sri Tong Siew Bee ^c | 18,364,596 | 1.46 | 453,340,988 | 36.08 |
| Lim Hooi Sin ^d | 20,209,824 | 1.61 | 451,484,860 | 35.93 |
| Lim Cheong Guan ^e | 8,000 | Negligible | - | - |
| Dato' Lim Han Boon | - | - | - | - |
| Datuk Noripah binti Kamso | - | - | - | - |
| Sharmila Sekarajasekaran | - | - | - | - |
| Tay Seong Chee Simon | - | - | - | - |

Effects of the Proposed Renewal of Share Buy-Back Authority on Directors' and substantial shareholders' shareholdings (cont'd)

| As at LDP and assuming full exercise of outstanding ESOS II Options (cont'd) | | As at LPD ⁽ⁱ⁾ | | After Proposed Renewal of Share Buy-Back Authority ⁽ⁱⁱ⁾ | | | |
|--|---------------------------------------|--------------------------|---|--|---------------------------------------|---|------------|
| Name | ^Direct Shareholding No. of Shares | % | @Indirect Shareholding No. of Shares | % | ^Direct Shareholding No. of Shares | @Indirect Shareholding No. of Shares | % |
| Substantial Shareholders | | | | | | | |
| Tan Sri Dr <u>Lim Wee Chai</u> ^a | 368,812,676 | 29.35 | 102,892,908 | 8.19 | 368,812,676 | 102,892,908 | 32.62 |
| Puan Sri Tong Siew Bee ^c | 18,364,596 | 1.46 | 453,340,988 | 36.08 | 18,364,596 | 453,340,988 | 1.62 |
| Lim Hooi Sin ^d | 20,209,824 | 1.61 | 451,484,860 | 35.93 | 20,209,824 | 451,484,860 | 1.79 |
| Lim Jin Feng ^f | 10,900 | Negligible | 451,484,860 | 35.93 | 10,900 | 451,484,860 | Negligible |
| Firstway United Corp | 64,307,588 | 5.12 | - | - | 64,307,588 | - | 5.69 |
| Employees Provident Fund Board | 110,978,646 | 8.83 | - | - | 110,978,646 | - | 9.81 |

Notes:

- (i) Exclude the 2,164,400 Top Glove Shares that have been purchased and held as treasury shares as at LPD.
- (ii) Assuming that the purchase of Top Glove Shares pursuant to the Proposed Renewal of Share Buy-Back Authority is based on the maximum number of Top Glove Shares that may be purchased under the respective scenarios.
- a Our Director, deemed interested by virtue of the shareholding of Puan Sri Tong Siew Bee, Mr Lim Hooi Sin and Firstway United Corp.
- b Our Director, holder of 604,800 ESOS II Options and deemed interested by virtue of the shareholding of Ms Chung Lee Moy.
- c Our Director, deemed interested by virtue of the shareholding of Tan Sri Dr Lim Wee Chai, Mr Lim Hooi Sin and Firstway United Corp.
- d Our Director, deemed interested by virtue of the shareholding of Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and their shareholdings in Firstway United Corp.
- e Our Director, holder of 234,000 ESOS II Options.
- f Deemed interested by virtue of the shareholding of Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and their shareholding in Firstway United Corp.
- * Based on the Register of Depositors' Shareholding as at 27 October 2016.
- ^ Based on the Record of Depositors as at 27 October 2016.
- @ Based on the Register of Substantial Shareholders as at 27 October 2016.

Public Shareholding Spread

Further to the above, your Board is mindful of the requirement that the Proposed Renewal of Share Buy-Back Authority must not result in the number of Top Glove Shares, which are in the hands of the public falling below 25% of the issued and paid-up share capital of our Company.

As at LPD, the public shareholding spread of our Company was 53.28%. The public shareholdings spread of our Company is expected to be reduced to 43.28% assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full and all the Top Glove Shares so purchased are cancelled. However, our Company will ensure that prior to any share buy-back exercise, the public shareholding of at least 25% is maintained.

7. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority are presented below based on the following assumptions:

- (i) the purchase of own shares of up to ten per centum (10%) of the issued and paid-up share capital of our Company is carried out in full; and
- (ii) Top Glove Shares so purchased are retained as treasury shares.

7.1 Share Capital

For illustration purposes only, the scenario below shows the movement of the share capital of our Company as at LPD upon the implementation of the Proposed Renewal of Share Buy-Back Authority, assuming that ten per centum (10%) of our Company's issued and paid-up share capital are purchased and cancelled.

| | As at LPD | | As at LPD and assuming full exercise of outstanding ESOS II Options | |
|--|----------------|-----|---|-----|
| | No. of Shares* | % | No. of Shares* | % |
| Authorised share capital | 1,600,000,000 | 100 | 1,600,000,000 | 100 |
| Issued and paid-up share capital | 1,254,908,964 | 100 | 1,254,908,964 | 100 |
| Add: | | | | |
| Outstanding ESOS II Options | - | - | 3,865,960 | 100 |
| Enlarged issued and paid-up share capital | 1,254,908,964 | 100 | 1,258,774,924 | 100 |
| Less: | | | | |
| Top Glove Shares purchased amounted to ten per centum (10%) of the issued and paid-up share capital pursuant to the Proposed Renewal of Share Buy-Back Authority | (125,490,896) | 10 | (125,877,492) | 10 |
| Reduced issued and paid-up share capital in the event that the purchased Top Glove Shares are cancelled | 1,129,418,068 | 90 | 1,132,897,432 | 90 |

Notes:

* Includes the 2,164,400 Top Glove Shares that have been purchased and held as treasury shares as at LPD.

7.2 NA

The consolidated NA of our Company may increase or decrease depending on the number of Top Glove Shares purchased, the purchase prices of the Top Glove Shares, the effective cost of funding and the treatment of the Top Glove Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per Top Glove Share if the purchase price exceeds the NA per Top Glove Share at the time of purchase. However, the NA per Top Glove Share will increase if the purchase price is less than the NA per Top Glove Share at the time of purchase.

7.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority would reduce funds available for working capital purposes of our Company, the quantum of which would depend on the purchase price, the actual number of Top Glove Shares purchased and any associated costs incurred in making the purchase.

7.4 Earnings

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of our Group would depend on the purchase price, the number of Top Glove Shares purchased and the effective funding cost or loss in the interest income to our Company or opportunity cost in relation to other investment opportunities. The effective reduction in the issued and paid-up share capital of our Company pursuant to the Proposed Renewal of Share Buy-Back Authority will, generally, all else being equal, have a positive impact on the consolidated EPS of our Company.

8. IMPLICATIONS OF THE CODE

Pursuant to the Code, a person, and any person acting in concert with him, will be required to make a mandatory offer for the remaining shares of our Company not already owned by him/them if his/their stake in our Company is increased to beyond 33% or if his/their shareholding is between 33% and 50% and increases by another 2% in any 6-month period. However, an exemption may be granted by the SC.

Our Company does not intend to undertake the Proposed Renewal of Share Buy-Back Authority such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any parties resulting from the Proposed Renewal of Share Buy-Back Authority, the relevant parties shall make the necessary application to the SC for a waiver to undertake a mandatory offer pursuant to the Code.

9. PURCHASES AND RESALE OF OWN SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

There were no Top Glove Shares purchased during the FYE 31 August 2016 and the information is set out on page 142 of our 2016 Annual Report.

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage of the shareholding and/or voting rights of our shareholders as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of our Directors and substantial shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

11. DIRECTORS' RECOMMENDATION

Our Board, after having considered the Proposed Renewal of Share Buy-Back Authority as set out above, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of our Company. Our Board therefore recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at our forthcoming Eighteenth AGM.

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1. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Document and our Board collectively and individually accepts full responsibility for the accuracy of the information given in this Document and confirms that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Document misleading.

2. MATERIAL CONTRACTS

The dates of, parties to and general nature of the material contracts (not being contracts entered into in the ordinary course of business) entered into by our Company or our subsidiaries, during the two (2) years preceding the date of this Circular, and the amount of any consideration passing to or from our Company or any of our subsidiaries, as the case may be, under such contracts are as follows:

- (a) TG Medical Sdn. Bhd. a wholly-owned subsidiary of our Company had on 30 August 2016 entered into a sales and purchase agreement with Star Shine Marketing Sdn. Bhd. to acquire a property for a total purchase price of RM51,500,000.00 (RM: Fifty-One Million and Five Hundred Thousand only);
- (b) The supply agreement dated 18 February 2016 entered into between Top Glove Sdn. Bhd. and Lum Brothers Engineering Sdn Bhd in relation to the supply of machinery, equipment and ancillary services (for the production of hand formers capacity for 30,000 pieces per week, at the production cost of not more than RM8.70 per piece);
- (c) The preliminary agreement dated 6 January 2016 entered into between Top Glove Sdn. Bhd. and Blondal Resources Sdn Bhd (“Blondal Resources”) in relation to the installation, commissioning and operation of the water purification system at Lot 5094, Jalan Teratai, 5th Miles off Jalan Meru, 41050 Klang for a consideration of RM6,467,116. Under the agreement, Top Glove Sdn. Bhd. is also to pay Blondal Resources a prescribed tariff rate for the treated water that Blondal Resources supplies to Top Glove Group during the subsistence of the agreement;
- (d) the sale and purchase agreement dated 30 December 2015 entered into between Top Glove Sdn. Bhd., as the purchaser, and Eng Beng Development Sdn Bhd, as the vendor, in relation to the acquisition of a parcel of land located at Geran Mukim 9890, Lot No. 4965, Mukim of Kapar, District of Klang and State of Selangor Darul Ehsan, for a consideration of RM8,232,840 on a willing-buyer willing-seller basis; and
- (e) Top Glove Properties Sdn. Bhd., a wholly-owned subsidiary of our Company had on 16 April 2015 offered to acquire from Century Total Logistics Sdn. Bhd., a wholly-owned subsidiary of Century Logistics Holdings Berhad, a commercial land held under Title No. H.S. (D) 293019, Lot No. PT 32307, Mukim of Bukit Raja, District of Petaling, State of Selangor, a land measuring 6,070.3 square metres (1.5 acres), free from all encumbrances and with vacant possession at the consideration of RM20,255,450.00 (RM: Twenty Million Two Hundred and Fifty Five Thousand Four Hundred and Fifty only).

3. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigations, claims or arbitrations, either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

FURTHER INFORMATION – CONT'D

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 21, Top Glove Tower of 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia during normal office hours from Mondays to Fridays (except public holidays) from the date of this Document up to and including the date of our forthcoming Eighteenth AGM:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited consolidated financial statements for the past two (2) FYE 31 August 2015 and 31 August 2016; and
- (iii) The material contracts and/or agreements referred to in Section 2 of this Appendix.