

THIS CIRCULAR 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 Securities takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular. You should rely on your own evaluation to assess the merits and risks of the Proposed New ESOS (as defined below) and the Proposed Allocations (as defined in this circular).



TOP GLOVE CORPORATION BHD

(Company No. 474423-X)

(Incorporated in Malaysia)

www.topglove.com

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES IN TOP GLOVE CORPORATION BHD ("TOP GLOVE") (EXCLUDING TREASURY SHARES) FOR THE ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF TOP GLOVE AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES) ("PROPOSED NEW ESOS")**
- (II) PROPOSED ALLOCATIONS OF OPTIONS UNDER THE PROPOSED NEW ESOS TO THE EXECUTIVE DIRECTORS OF TOP GLOVE AND PERSONS CONNECTED WITH THEM**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The notice of extraordinary general meeting ("**EGM**") of Top Glove 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 Tuesday, 9 January 2018 at 12.30 p.m. or immediately upon the conclusion of the 19th annual general meeting of Top Glove to be held at the same venue at 11.00 a.m. on the same day, whichever is later, or at any adjournment thereof, together with the form of proxy are enclosed in this circular.

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 Top Glove at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the form of proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last day and time for lodging the form of proxy : Sunday, 7 January 2018 at 12.30 p.m.

Date and time of the EGM : Tuesday, 9 January 2018 at 12.30 p.m. or immediately upon the conclusion of the 19th annual general meeting of Top Glove to be held at the same venue at 11.00 a.m. on the same day, whichever is later, or at any adjournment thereof

This circular is dated 20 December 2017

DEFINITIONS

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

“Act”	: Companies Act 2016
“AGM”	: Annual general meeting
“Board”	: Board of directors
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Date of Offer”	: The date on which an offer of Options is awarded by the New ESOS Committee
“EGM”	: Extraordinary general meeting
“Eligible Employee”	: Any employee and executive director of our Group (excluding dormant subsidiaries) who is eligible to be selected to participate in the Proposed New ESOS
“EPS”	: Earnings per Share
“ESGP 2016/2026”	: The existing employees’ share grant plan of our Company, which was established on 12 January 2016 and will expire on 11 January 2026
“ESOS”	: Employees’ share option scheme
“ESOS 2008/2018”	: The existing ESOS of our Company, which was established on 1 August 2008 and will expire on 1 August 2018
“FYE”	: Financial year ended
“Grantee”	: An Eligible Employee who has accepted an offer of Options
“HLIB” or the “Adviser”	: Hong Leong Investment Bank Berhad
“Interested Directors”	: Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Lim Hooi Sin, being the major shareholders and executive directors of our Company, and the other executive directors of our Company, namely Dato’ Lee Kim Meow and Lim Cheong Guan, collectively
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 30 November 2017, being the latest practicable date prior to the date of this circular
“Market Day”	: A day on which the stock market of Bursa Securities is open for trading in securities
“Maximum Scenario”	: Assuming all the 2,164,400 treasury shares are resold in the open market and all the Outstanding Options are exercised
“Minimum Scenario”	: Assuming none of the 2,164,400 treasury shares are resold and none of the Outstanding Options are exercised
“NA”	: Net assets attributable to equity holders

DEFINITIONS (Cont'd)

“New ESOS By-Laws”	:	The by-laws governing the Proposed New ESOS, the draft of which is set out in Appendix II of this circular, as may be amended, supplemented or modified from time to time
“New ESOS Committee”	:	A committee to be appointed by our Board to administer the Proposed New ESOS in accordance with the New ESOS By-Laws
“Option Price”	:	The price at which a Grantee will be entitled to subscribe for each new Share upon exercise of an Option in accordance with the New ESOS By-Laws
“Options”	:	The right of a Grantee to subscribe for new Shares at the Option Price under the Proposed New ESOS
“Outstanding Options”	:	Options comprising 2,814,160 Shares which have been granted under the ESOS 2008/2018 and are still outstanding as at the LPD
“Proposed Allocations”	:	Proposed allocations of Options under the Proposed New ESOS to the Interested Directors and persons connected with them, namely Lim Jin Feng and Lew Sin Chiang
“Proposed New ESOS”	:	Proposed establishment of a new ESOS of up to 10% of the total number of issued Shares (excluding treasury shares) for the eligible employees and executive directors of our Group (excluding dormant subsidiaries)
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Scheme Size”	:	Such number of Shares representing 10% of the total number of issued Shares (excluding treasury shares)
“Shares”	:	Ordinary shares in our Company
“Top Glove” or the “Company”	:	Top Glove Corporation Bhd

All references to “**our Company**” in this circular 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, except where the context requires, include our subsidiaries.

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

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

All references to enactment in this circular are references to that enactment as for the time being amended or re-enacted.

All references to the time of day in this circular is a reference to Malaysian time.

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TOP GLOVE CORPORATION BHD

(Company No. 474423-X)

(Incorporated in Malaysia)

www.topglove.com

Registered Office:

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

20 December 2017

Directors:

Tan Sri Dr Lim Wee Chai (*Executive Chairman*)

Tan Sri Dato' Seri Utama Arshad bin Ayub (*Senior Independent Non-Executive Director*)

Tan Sri Rainer Althoff (*Independent Non-Executive Director*)

Dato' 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*)

Datuk Dr. Norma binti Mansor (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

- (I) **PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME**
- (II) **PROPOSED ALLOCATIONS OF OPTIONS UNDER THE PROPOSED NEW ESOS TO THE INTERESTED DIRECTORS AND PERSONS CONNECTED WITH THEM**

1. INTRODUCTION

On 9 November 2017, HLIB announced, on behalf of our Board, that our Company proposed to establish a new employees' share option scheme of up to 10% of the total number of issued Shares (excluding treasury shares) for the Eligible Employees.

Subsequently, on 8 December 2017, Bursa Securities resolved to approve the listing of and quotation for such number of new Shares, representing up to 10% of total number of issued Shares (excluding treasury shares), to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities, subject to the conditions set out in section 6 below.

The purpose of this circular is to provide you with details and information on the Proposed New ESOS as well as to seek your approval for the resolutions in relation to the Proposed New ESOS and the Proposed Allocations. The notice of EGM and the form of proxy are enclosed with this circular.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS IN RELATION TO THE PROPOSED NEW ESOS AND THE PROPOSED ALLOCATIONS.

2. DETAILS OF THE PROPOSED NEW ESOS

The Proposed New ESOS will entail the establishment of a new ESOS for the Eligible Employees who fulfil the eligibility criteria as set out in section 2.2 below.

The Proposed New ESOS will be administered by the New ESOS Committee in accordance with the New ESOS By-Laws. Under the Proposed New ESOS, the Eligible Employees may be offered Options, which will allow them to subscribe for new Shares at the Option Price.

The Options, once accepted, may be subject to vesting dates and conditions as may be determined by the New ESOS Committee at its discretion and stipulated in the Options. The vesting conditions for the Options may include, among others, individual key performance indicators to be achieved by the Eligible Employees in accordance with the performance management system adopted by our Group as well as overall performance metrics such as our Group's profitability and total shareholder returns or such other targets that promote the alignment of the interests of the Eligible Employees with those of our shareholders.

The Proposed New ESOS is intended to replace the ESOS 2008/2018, which will expire on 1 August 2018. The Proposed New ESOS will continue our Group's initiative to ensure that our total remuneration package remains competitive and complement our Group's efforts to motivate, reward and retain the Eligible Employees under the ESGP 2016/2026.

For the avoidance of doubt, we intend to establish the Proposed New ESOS by the second quarter of 2018 before the expiry of the ESOS 2008/2018. Notwithstanding that our Company may have more than 1 subsisting scheme involving issuance of new Shares to employees upon establishment of the Proposed New ESOS, the total number of Shares to be issued under the Proposed New ESOS will be subject to the Scheme Size as described in section 2.1 below.

Please refer to Appendix I of this circular for further information on the ESOS 2008/2018 and the ESGP 2016/2026.

2.1 Maximum number of Shares available under the Proposed New ESOS

At any one time during the existence of the Proposed New ESOS and any other schemes involving issuance of new Shares to employees which may be implemented from time to time by our Company, the total number of Shares which may be issued under the Proposed New ESOS and any other schemes involving issuance of new Shares to employees which are still subsisting must not exceed 10% of the total number of issued Shares (excluding treasury shares).

For the avoidance of doubt, the total number of Shares comprised in Options which may be offered under the Proposed New ESOS and the total number of Shares made available under any other schemes involving the issuance of new Shares to employees which are still subsisting (including the Shares already made available under the ESOS 2008/2018 and the ESGP 2016/2026, for so long as the ESOS 2008/2018 and the ESGP 2016/2026 remain effective and have not expired) will not exceed the Scheme Size at any one time.

If the total number of Shares comprised in Options which are offered under the Proposed New ESOS and any other schemes involving issuance of new Shares to employees which are still subsisting exceeds the Scheme Size at any point in time as a result of our Company purchasing or cancelling Shares in accordance with the provisions of section 127 of the Act or undertaking any corporate proposal resulting in the reduction of the total number of issued Shares, no further Options will be offered by the New ESOS Committee until such total number of Shares falls below the Scheme Size.

2.2 Eligibility

Any employee or executive director of our Group (excluding dormant subsidiaries) will be eligible to be considered as an Eligible Employee and to participate in the Proposed New ESOS if that person, as at the Date of Offer, has:

- (i) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) entered into a full-time or fixed-term contract with, and is on the payroll of, our Group and has not served a notice of resignation or received a notice of termination;
- (iii) received confirmation of his or her service or employment in writing;
- (iv) been in employment with our Group for a period of at least 12 consecutive months up to the Date of Offer; and
- (v) fulfilled any other eligibility criteria and falls within such category as may be set by the New ESOS Committee at any time and from time to time at its discretion.

The New ESOS Committee may, at any time and from time to time at its discretion, waive any of the eligibility criteria as set out above for the purpose of selecting an Eligible Employee.

Notwithstanding anything set out in the New ESOS By-Laws and subject to the Listing Requirements, no Options may be offered to any person who is a director, a major shareholder or the chief executive of our Company, or a person connected with such director, major shareholder or chief executive of our Company, unless the specific allocation of Options to that person has been approved by our shareholders in a general meeting.

2.3 Basis of allocation and maximum allowable allocation

The New ESOS Committee will, at its discretion, determine the number of Shares to be comprised in each Option after taking into consideration, among others, the performance and seniority, years of service and potential for future development of the Eligible Employee and his or her contribution to the success and development of our Group as well as such other criteria as the New ESOS Committee may deem relevant.

Notwithstanding the above, subject to any adjustments to the Options which may be made in accordance with the New ESOS By-Laws, the total number of Shares that may be allocated to any one Eligible Employee who, either singly or collectively through persons connected with the Eligible Employee, holds 20% or more of the total number of issued Shares (excluding treasury shares), must not exceed 10% of the total number of Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by our Company.

The aggregate maximum allocation to the directors and senior management of our Group (excluding dormant subsidiaries) will not be more than 75% of the total number of Shares to be awarded under the Proposed New ESOS. The aggregate maximum allocation was arrived at after taking into consideration the number of directors and senior management of our Group who are eligible to participate in the Proposed New ESOS, their contribution to the growth and performance of our Group as well as our Group's intention to reward and retain such directors and senior management who are key to the strategic direction and the management of operations of our Group.

For the avoidance of doubt, the New ESOS Committee will have discretion to determine whether the Options will be offered in a single grant or staggered over the duration of the Proposed New ESOS. The New ESOS Committee will also have the discretion to determine whether the vesting of the Options will be staggered and, if the vesting will be staggered, the timing for such vesting. Each offer of Options to the Eligible Employees and the vesting of such Options will be separate and independent from the others.

No Eligible Employees will participate in any deliberation or discussion on their own respective allocations and allocations to persons connected with them (if any) under the Proposed New ESOS.

2.4 Option Price

The Option Price will be determined by the New ESOS Committee based on the 5-day weighted average market price of the Shares as traded on the Main Market of Bursa Securities immediately before the Date of Offer, with either a:

- (i) premium; or
- (ii) discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and any other relevant authorities from time to time.

2.5 Duration of the Proposed New ESOS

The Proposed New ESOS will be in force for a period of 10 years commencing from the effective date of implementation of the Proposed New ESOS, which will be a date on which the last of the following approvals and conditions have been obtained and complied with:

- (i) approval of Bursa Securities for the listing of and quotation for the new Shares to be issued upon exercise of the Options under the Proposed New ESOS;
- (ii) approval of the shareholders of our Company at our forthcoming EGM;
- (iii) submission of the final copy of the New ESOS By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (iv) approvals of any other relevant authorities, where applicable; and
- (v) fulfilment or waiver (as the case may be) of all applicable conditions attached to the above approvals (if any).

Notwithstanding anything set out in the New ESOS By-Laws and subject to compliance with applicable rules or regulations, our Company may terminate the Proposed New ESOS at any time prior to the expiry of its duration provided that our Company has obtained the approval of our shareholders in a general meeting and the written consent of all Grantees who have yet to exercise their Options, whether in part or in whole. With effect from such termination date, all Options which have yet to be vested (whether fully or partially) in the Grantee or exercised (whether fully or partially) by the Grantee will be deemed to have been terminated and be null and void. Following such termination, no further Options will be offered by the New ESOS Committee under the Proposed New ESOS.

2.6 Rights attaching to the Options and ranking of the new Shares to be issued upon exercise of the Options

The Options will not carry any voting rights or rights to participate in any form of distributions or further offer of securities in our Company until and unless they are exercised into new Shares.

The new Shares to be issued upon exercise of the Options will be subject to all the provisions of the constitution of our Company and will, upon allotment and issue, rank equally in all respects with the existing Shares, except that the new Shares will not be entitled to any dividends, rights, allotments and other distributions which may be declared, made or paid to shareholders, the entitlement date of which is before the date of allotment and issue of the new Shares.

2.7 Listing of and quotation for the new Shares to be issued under the Proposed New ESOS

Bursa Securities has, via its letter dated 8 December 2017, approved the listing of and quotation for such number of new Shares, representing up to 10% of the total number of issued Shares (excluding treasury shares), to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities.

2.8 Modification or variation to the Proposed New ESOS

Subject to the New ESOS By-Laws and compliance with the Listing Requirements and approvals of any other relevant regulatory authorities being obtained (if required), all or any part of the New ESOS By-Laws may be added to, amended, modified or deleted by a resolution of our Board upon recommendation of the New ESOS Committee from time to time provided that:

- (i) no such addition, amendment, modification or deletion will be made which would adversely affect the rights which would have accrued to any Grantee without the prior approval of that Grantee; and
- (ii) no such addition, amendment, modification or deletion will be made to the advantage of the Grantee without the prior approval of the shareholders of our Company at a general meeting.

3. USE OF PROCEEDS

The proceeds to be received by our Company arising from the exercise of the Options will depend on the actual number of Options exercised and the Option Price, both which can only be determined as and when the Options are offered and subsequently exercised. As such, the exact amount of proceeds to be received cannot be determined at this juncture.

Nonetheless, we intend to use all proceeds received from the exercise of the Options for our Group's working capital purposes within 3 months of the date such proceeds are received by our Company.

4. RATIONALE

The ESOS 2008/2018 will expire on 1 August 2018. In this regard, the Proposed New ESOS will allow our Company to establish a new ESOS as a continuation of our Group's total remuneration package to motivate, reward and retain the Eligible Employees.

The Proposed New ESOS is intended to:

- (i) provide our Group with the flexibility to determine the most appropriate instrument or combination of instruments to be awarded to the Eligible Employees as part of our Group's efforts to motivate, reward and retain the Eligible Employees who have contributed to the growth and performance of our Group and whose services are vital to its continued growth and profitability;
- (ii) instil in the Eligible Employees a greater sense of ownership and belonging so as to motivate them towards strategic business objectives;
- (iii) increase the level of commitment, dedication and loyalty of the Eligible Employees by rewarding them with an equity stake in our Company; and
- (iv) make the total remuneration package more competitive in order to attract prospective high calibre employees.

5. EFFECTS OF THE PROPOSED NEW ESOS

For illustration purposes, where applicable in this section 5, the pro forma effects of the Proposed New ESOS are illustrated based on the following scenarios:

Minimum Scenario : Assuming none of the 2,164,400 treasury shares are resold and none of the Outstanding Options are exercised

Maximum Scenario : Assuming all the 2,164,400 treasury shares are resold in the open market and all the Outstanding Options are exercised

5.1 Share capital

The Proposed New ESOS is not expected to have any immediate effect on our issued share capital until such time the Options are exercised. Our issued share capital will increase progressively depending on the number of new Shares to be issued upon the exercise of Options under the Proposed New ESOS.

For illustration purposes, the pro forma effect of the Proposed New ESOS on our issued share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital	No. of Shares	Share capital
	('000)	(RM '000)	('000)	(RM '000)
Existing as at the LPD	1,256,979	639,033	1,256,979	639,033
Assuming full exercise of the Outstanding Options	-	-	2,814	(1)9,709
	1,256,979	639,033	1,259,793	648,742
New Shares to be issued assuming full exercise of the Options to be offered under the Proposed New ESOS ⁽²⁾	100,048	⁽³⁾ 613,295	100,546	⁽³⁾ 616,347
Enlarged issued share capital	1,357,027	1,252,328	1,360,339	1,265,089

Notes:

- (1) Calculated based on the average exercise price of the Outstanding Options of RM3.45 each.
- (2) Calculated based on 10% of the total number of Shares outstanding (excluding treasury shares under the Minimum Scenario) and after deducting the following:
 - (i) about 21.4 million options exercised under the ESOS 2008/2018;
 - (ii) about 2.8 million Outstanding Options; and
 - (iii) about 1.2 million new Shares awarded under the ESGP 2016/2026.
- (3) Assuming the Option Price is determined based on a discount of 10% to the 5-day volume-weighted average market price of the Shares as traded on the Main Market of Bursa Securities up to and including the LPD of RM6.80.

5.2 Substantial shareholders' shareholdings

The Proposed New ESOS is not expected to have any immediate effect on the shareholdings of our substantial shareholders until such time the Options are exercised. Any effect on the shareholdings of our substantial shareholders will depend on the actual number of Options exercised by the Grantees.

For illustration purposes, the pro forma effects of the Proposed New ESOS on the shareholdings of our substantial shareholders are as follows:

Minimum Scenario	As at the LPD			After (I) and assuming full exercise of the Options to be offered under the Proposed New ESOS		
	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%	No. of Shares ('000)	(1)%
Substantial shareholders						
Employees Provident Fund Board	72,432	5.8	-	-	72,432	5.3
Tan Sri Dr Lim Wee Chai	368,822	29.4	(2)88,222	7.0	(5)368,822	27.2
Puan Sri Tong Siew Bee	3,615	0.3	(3)453,429	36.1	(5)3,615	0.3
Lim Hooi Sin	20,282	1.6	(4)436,745	34.8	(5)20,282	1.5
Lim Jin Feng	17	*	(4)436,745	34.8	(6)417	*
Firstway United Corp	64,308	5.1	-	-	64,308	4.7
					(2)88,622	6.5
					(3)453,829	33.5
					(4)436,745	32.2
					(4)436,745	32.2

Notes:

* Less than 0.1%.

- (1) Excluding 2,164,400 Shares which are held as treasury shares by our Company.
- (2) Deemed interested through the direct interests of Puan Sri Tong Siew Bee, Lim Hooi Sin, Lim Jin Feng and Firstway United Corp in our Company.
- (3) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Lim Hooi Sin, Lim Jin Feng and Firstway United Corp in our Company.
- (4) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Firstway United Corp in our Company.
- (5) For illustration purposes, no allocation of Options has been made to our major shareholders who are also our executive directors as the allocations to them under the Proposed New ESOS has not been determined at this juncture.
- (6) For illustration purposes, takes into consideration the maximum of 400,000 Shares comprised in Options that may be offered to Lim Jin Feng under the Proposed New ESOS in accordance with the Proposed Allocation to him.

Maximum Scenario	(I) Assuming resale of the treasury shares and full exercise of the Outstanding Options				(II) After (I) and assuming full exercise of the Options to be offered under the Proposed New ESOS					
	As at the LPD		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders	(⁽¹⁾ 000)		(⁽¹⁾ 000)		(⁽¹⁾ 000)		(⁽¹⁾ 000)		(⁽¹⁾ 000)	
Employees Provident Fund Board	72,432	5.8	-	-	72,432	5.7	-	-	72,432	5.3
Tan Sri Dr Lim Wee Chai	368,822	29.4	(⁽²⁾ 88,222	7.0	368,915	29.3	(⁽²⁾ 88,222	7.0	(⁽²⁾ 368,915	27.1
Puan Sri Tong Siew Bee	3,615	0.3	(⁽³⁾ 453,429	36.1	3,615	0.3	(⁽³⁾ 453,521	36.0	(⁽³⁾ 3,615	0.3
Lim Hooi Sin	20,282	1.6	(⁽⁴⁾ 436,745	34.8	20,282	1.6	(⁽⁴⁾ 436,838	34.7	(⁽⁴⁾ 20,282	1.5
Lim Jin Feng	17	*	(⁽⁴⁾ 436,745	34.8	17	*	(⁽⁴⁾ 436,838	34.7	(⁽⁴⁾ 17	*
Firstway United Corp	64,308	5.1	-	-	64,308	5.1	-	-	64,308	4.7

Notes:

* Less than 0.1%.

(1) Excluding 2,164,400 Shares which are held as treasury shares by our Company.

(2) Deemed interested through the direct interests of Puan Sri Tong Siew Bee, Lim Hooi Sin, Lim Jin Feng and Firstway United Corp in our Company.

(3) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Lim Hooi Sin, Lim Jin Feng and Firstway United Corp in our Company.

(4) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Firstway United Corp in our Company.

(5) For illustration purposes, no allocation of Options has been made to our major shareholders who are also our executive directors as the allocations to them under the Proposed New ESOS has not been determined at this juncture.

(6) For illustration purposes, takes into consideration the maximum of 400,000 Shares comprised in Options that may be offered to Lim Jin Feng under the Proposed New ESOS in accordance with the Proposed Allocation to him.

5.3 NA and gearing

The Proposed New ESOS is not expected to have any immediate effect on our NA, NA per Share and gearing until such time new Shares are issued upon exercise of the Options under the Proposed New ESOS, if any. Any effects on our NA, NA per Share and gearing will depend on the actual number of Options exercised by the Grantees and the Option Price, both which cannot be determined at this juncture.

5.4 Earnings and EPS

Save for the estimated expenses of about RM200,000 to be incurred in relation to the Proposed New ESOS, which primarily relates to professional fees, fees payable to Bursa Securities, expenses to convene our forthcoming EGM as well as other ancillary expenses, the Proposed New ESOS is not expected to have any immediate effect on the earnings and EPS of our Group. However, in accordance with the Malaysian Financial Reporting Standard 2 on share-based payment, the cost arising from the offering of the Options is required to be measured at the Date of Offer based on the fair value of the Options offered and recognised as an expense over the vesting period of the Options.

The potential effects of the Proposed New ESOS on our earnings and EPS in the future, as a consequence of the recognition of the expense, cannot be determined at this juncture as the effects will depend on the fair value of the Options, which is calculated after taking into consideration factors such as:

- (i) the actual number of Shares comprised in Options offered and vested; and
- (ii) the Option Price.

However, it is important to note that the potential cost of the offering the Options does not represent a cash outflow as it is only an accounting treatment which will affect our future earnings. The New ESOS Committee will take into consideration the potential impact on our earnings and EPS in offering the Options to the Eligible Employees.

5.5 Convertible securities

As at the LPD, save for the Outstanding Options, our Company does not have any convertible securities in issue.

The Proposed New ESOS will not have any effect on the terms and conditions of the Outstanding Options.

6. APPROVALS REQUIRED

The Proposed New ESOS is subject to approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for such number of new Shares, representing up to 10% of total number of issued Shares (excluding treasury shares), to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities; and
- (ii) your approval at our forthcoming EGM.

The approval of Bursa Securities, which was obtained through its letter dated 8 December 2017, is subject to the following conditions:

Conditions imposed	Status of compliance
(i) Our Company and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed New ESOS;	Noted.
(ii) Our Company and HLIB to inform Bursa Securities upon the completion of the Proposed New ESOS;	To be complied.
(iii) Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Proposed New ESOS is completed;	To be complied.
(iv) Our Company to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at our forthcoming EGM for the Proposed New ESOS;	To be complied.
(v) HLIB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed New ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	To be complied.
(vi) Payment of additional listing fees pertaining to the exercise of Options, if relevant. In this respect, our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Options as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied.

7. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

On 3 November 2017, our Board announced that our Company has, on the same day, entered into a sale and purchase agreement with all the existing shareholders of Eastern Press Sdn Bhd ("**Eastern Press**"), to acquire the entire equity interest in Eastern Press, for a cash purchase consideration of RM46,250,000 ("**Proposed Acquisition**"). As at the LPD, all the conditions precedent of the sale and purchase agreement have been fulfilled and the Proposed Acquisition is expected to be completed in the second quarter of the financial year ending 31 August 2018.

Save for the Proposed New ESOS and as disclosed above, there are no other corporate proposals which have been announced but have yet to be completed as at the LPD.

The Proposed New ESOS is not conditional upon any other corporate exercise of our Company.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Shares as traded on the Main Market of Bursa Securities for the past 12 months from December 2016 to November 2017 are as follows:

	<u>High</u>	<u>Low</u>
	(RM)	(RM)
2016		
December	5.35	4.87
2017		
January	5.45	5.11
February	5.21	5.00
March	5.27	4.92
April	5.03	4.56
May	5.59	4.57
June	5.94	5.25
July	5.80	5.50
August	5.79	5.41
September	5.71	5.33
October	6.80	5.45
November	7.05	6.37

The last transacted market price of the Shares on:

- 8 November 2017, being the last Market Day immediately before the announcement of the Proposed New ESOS RM6.65
- the LPD RM6.73

(Source: Bloomberg L.P.)

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Lim Hooi Sin, who are our major shareholders and executive directors, together with our other executive directors, namely Dato' Lee Kim Meow and Lim Cheong Guan, by virtue of their eligibility to participate in the Proposed New ESOS, are deemed interested to the extent of their respective allocations as well as allocations to persons connected with them (if any) under the Proposed New ESOS. Puan Sri Tong Siew Bee is the spouse of Tan Sri Dr Lim Wee Chai, while Lim Hooi Sin is the brother of Tan Sri Dr Lim Wee Chai.

Lim Jin Feng, who is our major shareholder of our Company and the son of Tan Sri Lim Wee Chai and Puan Sri Tong Siew Bee, is also an employee of our Group. By virtue of his eligibility to participate in the Proposed New ESOS, he is deemed interested in his allocation as well as allocations to persons connected with him under the Proposed New ESOS.

Lew Sin Chiang, the spouse of Tong Siew San, who in turn is the sister of Puan Sri Tong Siew Bee, is an employee of our Group. By virtue of his eligibility to participate in the Proposed New ESOS, he is deemed interested in his allocation as well as allocations to persons connected with him under the Proposed New ESOS.

As at the LPD, the shareholdings of the Interested Directors and persons connected with them in our Company are as follows:

	←-----Direct-----→		←-----Indirect-----→	
	No. of Shares	(1)%	No. of Shares	(1)%
	('000)		('000)	
<u>Interested Directors</u>				
Tan Sri Dr Lim Wee Chai	368,822	29.4	(2)88,222	7.0
Dato' Lee Kim Meow	620	*	(3)20	*
Puan Sri Tong Siew Bee	3,615	0.3	(4)453,429	36.1
Lim Hooi Sin	20,282	1.6	(5)436,745	34.8
Lim Cheong Guan	8	*	-	-
<u>Persons connected with Interested Directors</u>				
Lim Jin Feng	17	*	(5)436,745	34.8
Lew Sin Chiang	111	*	(6)3	*

Notes:

* Less than 0.1%.

- (1) Excluding 2,164,400 Shares which are held as treasury shares by our Company.
- (2) Deemed interested through the direct interests of Puan Sri Tong Siew Bee, Lim Hooi Sin, Lim Jin Feng and Firstway United Corp in our Company.
- (3) Deemed interested through the direct interest of Chung Lee Moy in our Company
- (4) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Lim Hooi Sin, Lim Jin Feng and Firstway United Corp in our Company.
- (5) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Firstway United Corp in our Company.
- (6) Deemed interested through the direct interest of Lew Sin Chiang's spouse, Tong Siew San, in our Company.

As such, the Interested Directors have abstained and will continue to abstain from deliberating and voting at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected with them (if any) under the Proposed New ESOS. The Interested Directors, Lim Jin Feng and Lew Sin Chiang will also abstain and ensure that persons connected with them (if any) will abstain from voting, in respect of their interests in our Company, on the resolutions pertaining to their respective allocations as well as allocations to persons connected with them (if any) under the Proposed New ESOS at our forthcoming EGM.

Save as disclosed above, none of our other directors, major shareholders and persons connected with them have any interest in the Proposed New ESOS.

10. DIRECTORS' RECOMMENDATION

Our Board (save for the Interested Directors who have abstained from expressing any opinion in respect of their respective allocations as well as the allocations to persons connected with them (if any) under the Proposed New ESOS), having considered all aspects of the Proposed New ESOS and the Proposed Allocations (including the rationale for and effects of the Proposed New ESOS), is of the opinion that the Proposed New ESOS and the Proposed Allocations are in the best interest of our Company.

Accordingly, our Board (save for the Interested Directors who have abstained from expressing any recommendation in respect of their respective allocations as well as the allocations to persons connected with them (if any) under the Proposed New ESOS) recommends that you vote in favour of the resolutions in relation to the Proposed New ESOS and the Proposed Allocations to be tabled at our forthcoming EGM.

11. EXPECTED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed New ESOS is expected to be established by the second quarter of 2018.

12. EGM

Our forthcoming EGM, the notice of which is set out in this circular, 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 Tuesday, 9 January 2018 at 12.30 p.m. or immediately upon the conclusion of our 19th AGM to be held at the same venue at 11.00 a.m. on the same day, whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposed New ESOS and the Proposed Allocations.

If you are unable to attend and vote in person at our forthcoming EGM, 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 at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time set for our forthcoming EGM.

The lodging of the form of proxy will not preclude you from attending and voting in person at our forthcoming EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are requested to refer to the enclosed appendices for further information.

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

TAN SRI DR LIM WEE CHAI
Executive Chairman

INFORMATION ON THE ESOS 2008/2018 AND THE ESGP 2016/2026

1. ESOS 2008/2018

A summary of the salient features of the ESOS 2008/2018 is set out below:

Implementation date : 1 August 2008

Duration of the scheme : 10 years

Expiry date : 1 August 2018

Eligibility : The eligibility for participation in the ESOS 2008/2018 is determined at the discretion of the committee appointed by our Board to administer the ESOS 2008/2018, but includes any employee or executive director of our Group (excluding dormant subsidiaries) who has been confirmed in the employment of our Group and has served for at least 1 year before the date of an offer

Maximum number of Shares that may be issued under the ESOS 2008/2018 : Such number of Shares representing 15% of the total number of issued Shares (excluding treasury shares) at any one time

Number of options offered under the ESOS 2008/2018	Employees of our Group including executive directors	
	As at the LPD	Executive directors
	('000)	('000)
No. of options offered and accepted	27,892	4,256
No. of options exercised	21,448	3,608
No. of options lapsed	3,630	-
No. of Outstanding Options	2,814	648

Maximum allocation to directors and senior management : 50% of the total number of Shares available under the ESOS 2008/2018

Actual options offered to directors and senior management since commencement of the ESOS 2008/2018 : As at the LPD, options representing 26.1% of the total number of Shares available under the ESOS 2008/2018 have been offered to the directors and senior management of our Group since the commencement of the ESOS 2008/2018

INFORMATION ON THE ESOS 2008/2018 AND THE ESGP 2016/2026 (Cont'd)

2. ESGP 2016/2026

A summary of the salient features of the ESGP 2016/2026 is set out below:

Implementation date : 12 January 2016

Duration of the scheme : 10 years

Expiry date : 11 January 2026

Eligibility : The eligibility for participation in the ESGP 2016/2026 is determined at the discretion of the committee appointed by our Board to administer the ESGP 2016/2026, but includes any employee or executive director of our Group (excluding dormant subsidiaries) who fulfils all the eligibility criteria set out in the by-laws governing the ESGP 2016/2026

Maximum number of Shares that may be issued under the ESGP 2016/2026 : Such number of Shares representing 10% of the total number of issued Shares (excluding treasury shares) at any one time

Number of Shares awarded under the ESGP 2016/2026	:	Employees of our Group including executive directors	
		As at the LPD	Executive directors
		<hr/>	<hr/>
			(‘000)
		No. of Shares awarded under the ESGP 2016/2026	1,171
			65

Maximum allocation to directors and senior management : 75% of the total number of Shares available under the ESGP 2016/2026

Actual Shares awarded to directors and senior management since commencement of the ESGP 2016/2026 : As at the LPD, Shares representing 15.2% of the total number of Shares available under the ESGP 2016/2026 have been granted to the directors and senior management of our Group since the commencement of the ESGP 2016/2026

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS

1. DEFINITIONS

1.1 In these By-Laws, except where the context otherwise requires, the following definitions shall have the following meanings:

“Act”	: The Companies Act 2016 as amended from time to time and any re-enactment thereof
“Adviser”	: Any person who is eligible to act as a principal adviser under the Principal Adviser Guidelines issued by the Securities Commission Malaysia
“Board”	: The Board of Directors for the time being of the Company
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“By-Laws”	: The rules, terms and conditions governing the Scheme
“Committee”	: The Committee appointed by the Board to administer the Scheme pursuant to By-Law 18
“Company” or “Top Glove”	: Top Glove Corporation Bhd
“Date of Expiry”	: The last day of the Duration of the Scheme
“Date of Offer”	: The date when an Offer is made to an Eligible Employee to participate in the Scheme
“Duration of the Scheme”	: A period of 10 years from the Effective Date, subject to early termination in accordance with By-Law 12
“Effective Date”	: The date on which the Scheme comes into force as provided in By-Law 11.1
“Eligible Employee”	: An employee and/or Director(s) of the Group who satisfy(ies) the eligibility requirements specified in By-Law 3
“Director(s)”	: A natural person who holds executive directorship in any company in the Top Glove Group, who satisfies the criteria specified in By-Law 3
“Grantee”	: An Eligible Employee who has accepted an Offer in the manner specified in By-Law 8.1
“Group” or “Top Glove Group”	: The Company and its subsidiary companies (excluding dormant companies) as defined in the Act
“Listing Requirements”	: The Main Market Listing Requirements of Bursa Securities as amended from time to time
“Market Day”	: A day on which Bursa Securities is open for the trading of securities
“Maximum Allowable Allotment”	: The maximum number of new Shares in respect of which Offers may be made to the Eligible Employees as provided in By-Law 4.3

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

“Offer”	: A written offer made by the Committee to an Eligible Employee in the manner specified in By-Law 8
“Offer Letter”	: A letter in such form as the Committee shall approve granting an Offer to an Eligible Employee by the Committee pursuant to By-Law 8.1
“Option(s)”	: The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Employee in the manner specified in By-Law 8 and includes, where applicable, a partially exercised Option
“Option Period”	: In respect of each Option, a period commencing on the Date of Offer relevant to such Option and expiring on the Date of Expiry or such date as may be specifically stated in such Offer for an Eligible Employee to exercise the Options Provided Always that no Option Period shall extend beyond the Duration of the Scheme
“Option Price”	: The price at which a Grantee shall be entitled to subscribe for each Share as determined in accordance with By-Law 7
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Scheme”	: The scheme for the grant of Options to Eligible Employees that entitle them to subscribe for new Shares in the Company in accordance with the provisions of these By-Laws and such scheme shall be known as “TOP GLOVE CORPORATION BHD EMPLOYEES’ SHARE OPTION SCHEME III”
“Scheme Size”	: 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time) of the total number of issued Shares at any point in time during the Duration of the Scheme (excluding treasury shares)
“Shares”	: Ordinary shares in the Company
“Takeover Period”	: In the case of a takeover offer referred to in By-Law 16.1, which is unconditional, the period commencing on the posting of the offer document in respect of a takeover offer and ending on the closing date for acceptance of the takeover offer or, in the case of a takeover offer referred to in By-Law 16.1, which is conditional, the period commencing on the date the takeover is declared unconditional and ending on the closing date for acceptance of the takeover offer
“Unvested Shares”	: Shares comprised in an Offer but which have not been vested in the Grantee at the relevant time stipulated in the Offer
“Vesting Date”	: The date after the Date of Offer and before the Date of Expiry on which the Options is vested in the Grantee

1.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

- 1.3 Any reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or provision and the applicable listing requirements, policies, guidelines, practice notes and/or directions of the relevant regulatory authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies, guidelines, practice notes and/or directions are addressed to the relevant regulatory authorities).
- 1.4 Words importing the singular meaning where the context so admits include the plural meaning and vice versa.
- 1.5 Words of the masculine gender include the feminine and neuter gender and vice versa.
- 1.6 Any liberty or power or discretion which may be exercised or any decision or determination which may be made hereunder by the Committee may be exercised in the Committee's absolute and unfettered discretion and the Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 1.7 If an event is to occur on a stipulated day that is not a Market Day, then the stipulated day will be taken to be the next Market Day.
- 1.8 In the event of any change in the name of the Company from its present name, all references to "Top Glove Corporation Bhd" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 At any one time during the Duration of the Scheme and any other schemes involving issuance of new Shares to employees which may be implemented from time to time by the Company, the total number of new Shares that may be offered under the Scheme and any other schemes involving issuance of new Shares to employees which are subsisting shall not in aggregate exceed the Scheme Size.
- 2.2 By-Law 2.1 shall not apply where the total number of new Shares that may be made available under the Scheme exceeds the Scheme Size resulting from the cancellation of the Company's own shares purchased by the Company in accordance with the provisions of Section 127 of the Act. In such event, the provisions of By-Law 17.4 shall apply.

3. ELIGIBILITY

- 3.1 To qualify as an Eligible Employee for participation in the Scheme, a person must as at the Date of Offer, have:
- 3.1.1 attained the age of at least 18 years old and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- 3.1.2 entered into a full-time or fixed-term contract with, and is on the payroll of, the Group and has not served a notice of resignation or received a notice of termination;
- 3.1.3 received confirmation of his or her service or employment in writing;
- 3.1.4 been in employment with the Group for a period of at least 12 consecutive months up to the Date of Offer; and

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

3.1.5 fulfilled any other eligibility criteria and falls within such category as may be set by the Committee at any time and from time to time at its discretion.

The Committee may waive any of the eligibility criteria as set out in this By-Law 3.1, for the purpose of selecting an Eligible Employee at any time and from time to time, in the Committee's absolute discretion.

3.2 The selection of any Eligible Employee to participate in the Scheme shall be at the discretion of the Committee and the decision of the Committee shall be binding and final.

3.3 Notwithstanding anything to the contrary, an Eligible Employee may not participate at any time in another employee share scheme or share option scheme of any other corporation, whether or not a Group company, unless the Committee otherwise determines in its discretion.

3.4 A Director or an employee who during the Duration of the Scheme becomes an Eligible Employee may, at the discretion of the Committee, be eligible to participate in the Scheme, subject to the Maximum Allowable Allotment.

3.5 Eligibility to participate in the Scheme does not confer on an Eligible Employee a claim or right to participate in the Scheme unless the Committee has made an Offer and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.

4. BASIS OF ALLOTMENT AND MAXIMUM NUMBER OF SHARES TO ELIGIBLE EMPLOYEES

4.1 The maximum number of new Shares that may be offered to any one of the Eligible Employee under the Scheme shall be decided at the discretion of the Committee after taking into consideration, *inter-alia*, the performance and seniority, years of service and potential for future development of the Eligible Employee and his or her contribution to the success and development of the Group and/or such factors as the Committee deems fit but shall in no event exceed the criteria set out in By-Law 4.3.

4.2 No Eligible Employees will participate in any deliberation or discussion on their own respective allocations and allocations to persons connected with them (if any) under the Scheme.

4.3 Subject to By-Law 2 and any adjustment which may be made under By-Law 17, the Maximum Allowable Allotment shall be determined at the discretion of the Committee that:

4.3.1 not more than 75% (or such other percentage as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time) of the total Shares made available under the Scheme are to be allocated in aggregate to the Directors and senior management of the Group; and

In these By-Laws, "**senior management**" shall be subject to a criteria determined at the discretion of the Committee which may change from time to time.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

4.3.2 not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time) of the total Shares made available under the Scheme and any other schemes are to be allocated to any Director or employee of the Group who either singly or collectively through persons connected with him or her, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares).

“**persons connected**” shall have the same meaning as defined in Paragraph 1.01 of the Listing Requirements.

4.4 The Company shall ensure that:

4.4.1 the allocation of Shares to each Eligible Employee is verified at the end of each financial year of the Company by the Company’s audit committee as being in compliance with By-Law 4.3; and

4.4.2 a statement by the audit committee, verifying such allocation, is included in the Company’s annual report.

5. OFFER

5.1 Upon the implementation of the Scheme and subject to By-Laws 2 and 4, the Committee shall have the discretion during the Duration of the Scheme to make an Offer to an Eligible Employee. The Committee may make more than one Offer to an Eligible Employee provided that the total number of new Shares so offered to such Eligible Employee (inclusive of new Shares comprised in Options granted to such Eligible Employee and in the Offers made to such Eligible Employee which remain capable of acceptance, if any) shall not be less than 100 Shares and shall always be in multiples of 100 Shares.

5.2 For the avoidance of doubt, the Committee will have the discretion to determine whether the Options will be offered in a single grant or staggered over the Duration of the Scheme. The Committee will also have the discretion to determine whether the vesting of the Options will be staggered and, if the vesting will be staggered, the timing for such vesting. Each Offer to the Eligible Employees and the vesting of such Options will be separate and independent from the others.

5.3 The Committee shall decide in relation to an Offer, such terms and conditions including but not limited to:

5.3.1 the closing date for acceptance of the Offer;

5.3.2 the number of Options offered;

5.3.3 the number of Options to be vested on the Vesting Date(s);

5.3.4 the number of Shares comprised in the Options which are the subject of the Offer;

5.3.5 the manner and conditions of exercise of the Options;

5.3.6 the Option Price of the Option offered; and

5.3.7 any other condition which the Committee may determine from time to time in relation to that Offer.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

6. OFFER TO DIRECTOR

- 6.1 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Options may be offered to any person who is a director, a major shareholder or the chief executive of the Company, or a person connected with such director, major shareholder or chief executive of the Company, unless the specific allocation of Options to that person has been approved by the shareholders of the Company in a general meeting.

7. OPTION PRICE

- 7.1 The Option Price of each Share comprised in any Option shall be based on the 5-day weighted average market price of the Shares as traded on the Main Market of Bursa Securities immediately preceding the Date of Offer, and at the Committee's discretion with either a:
- 7.1.1 premium; or
 - 7.1.2 discount of not more than 10% (or such other percentage of discount as may be permitted by Bursa Securities and any other relevant authorities from time to time).
- 7.2 The Option Price may be adjusted from time to time in accordance with By-Law 17.

8. MAKING AND ACCEPTANCE OF OFFER

- 8.1 An Offer made by the Committee to an Eligible Employee under the Scheme shall be made via an in Offer Letter. The Offer shall be open for acceptance by the Eligible Employee to whom it is made for at least 30 days from the Date of Offer or such other period as may be determined by the Committee on a case-to-case basis, at its discretion.
- 8.2 In the event of any typographical error in the Offer, the Committee may issue a supplemental Offer Letter stating the correct particulars of the Offer.
- 8.3 The acceptance of the Offer shall be by a notice in writing addressed to the Committee in such form as prescribed by the Committee accompanied by a non-refundable payment to the Company of a non-refundable sum of RM1.00 only as consideration for the acceptance of such Offer. The date of receipt by the Committee of such written notice shall constitute the date of acceptance.
- 8.4 If the Offer is not accepted in the aforesaid manner, the Offer shall automatically lapse upon the expiry of the prescribed offer period and shall no longer be capable of acceptance.
- 8.5 Notwithstanding By-Law 8.4, in the event of the demise of an Eligible Employee or in the event the Eligible Employee shall cease to be an employee within the Group or shall cease to be a Director as the case may be, or become a bankrupt prior to the acceptance of an Offer made to the Eligible Employee, such Offer shall automatically lapse and shall not be capable of acceptance.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

9. EXERCISE OF OPTION AND PAYMENT

- 9.1 Subject to By-Law 10, the Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Shares and/or such percentage of the total Shares comprised in the Option during such period(s) with the Option Period and impose any other terms and/or conditions deemed appropriate by the Committee in its sole discretion including amending/varying any terms and conditions imposed earlier.
- 9.2 An Option shall be exercised by a notice in writing to the Committee in such form and manner as prescribed by the Committee from time to time ("**Notice of Exercise**") and every such Notice of Exercise shall state the Grantee's Central Depository System Account Number and a remittance for the full amount of the Option Price for the number of new Shares in respect of which the Notice of Exercise is given.
- 9.3 Within 8 Market Days (or such period as prescribed or permitted by legislation or regulation) from receipt of the Notice of Exercise, exercising an Option or part thereof and the requisite remittance, the Company shall allot and issue the relevant number of new Shares specified in the Notice of Exercise, despatch or cause to be despatched the notice of allotment to the Grantee and make an application for the quotation of such new Shares subject to the provisions of the constitution of the Company and the Listing Requirements. The Company shall deposit the new Shares directly into the Grantee's Central Depository System Account accordingly but subject to the provisions of the constitution of the Company. No physical share certificate will be issued.
- 9.4 Notwithstanding anything to the contrary contained in these By-Laws, if a Grantee is subject to disciplinary proceedings (whether or not the disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee or may be found to have had no basis or justification) and notice to that effect has been duly served on him/her, the Committee shall have the right at its discretion to suspend the right of the Grantee to exercise his/her Option pending the outcome of such disciplinary proceedings. The right of suspension as stated in this By-Law 9.4 may be exercised at the discretion of the Committee on such terms and conditions as the Committee shall deem appropriate having regard to the nature of charges made or brought against such Grantee, provided that:
- 9.4.1 if such Grantee is found to be not guilty of the charges made against him/her in such disciplinary proceeding, the Committee may at their discretion reinstate the rights of such Grantee to exercise his Option;
- 9.4.2 in the event such Grantee is found guilty resulting in the disciplinary committee recommending the dismissal or termination of service of such Grantee, the Option shall immediately without notice lapse and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum;
- 9.4.3 in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the Committee shall have the right independent of the findings, to determine at its discretion whether or not the Grantee may continue to exercise his Option and, if the Grantee is so allowed, the Committee shall be entitled to impose such terms and conditions as it deems appropriate, on such future exercise of his Option;

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

9.4.4 in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Option Period or any other shorter period available to the Grantee to exercise the Grantee's Option (as the case may be), the Option of such Grantee shall immediately lapse on the expiry of the Option Period or such shorter period available to the Grantee to exercise the Grantee's Option, without notice; or

9.4.5 notwithstanding whether or not disciplinary proceedings have been initiated against a Grantee, the Committee shall at its discretion determine whether or not the Grantee may continue to exercise his Option.

PROVIDED ALWAYS THAT nothing herein shall impose any obligation on the Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceeding(s) and the Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits forgone, howsoever arising from the Committee's exercise of or failure to exercise any of its rights or discretion under this By-Law 9.4.

9.5 The Committee shall have the discretion to reject any incomplete or inaccurate Notice of Exercise. The Committee must inform the Grantee of the rejection of the Notice of Exercise by notice in writing within fourteen (14) days from the date of rejection and the Grantee shall then be deemed not to have exercised his Option.

10. NON-TRANSFERABILITY AND TERMINATION OF OPTION

10.1 An Option shall be personal to the Grantee and shall be incapable of being assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever.

10.2 In the event the Grantee ceases to be an Eligible Employee for whatever reason, an Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company PROVIDED ALWAYS THAT where such cessation is not due to the Grantee resigning or vacating his office but is as a result of:

10.2.1 the Grantee's death; or

10.2.2 retirement upon attaining the normal retirement age; or

10.2.3 retirement before attaining the normal retirement age but with the consent of the Company; or

10.2.4 ill-health, injury or disability; or

10.2.5 redundancy; or

10.2.6 any other circumstances which are acceptable to the Committee;

then such unexercised or partially exercised Option(s) shall be exercisable during the Option Period or such other period as determined by the Committee.

10.3 In the event of the liquidation or winding-up of the Company, all unexercised or partially exercised Option(s) shall on the date of liquidation or winding-up lapse and be of no effect and the Grantees shall have no claim against the Company, that date being:

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

- 10.3.1 in the case of a voluntary winding-up, the earlier of:
- (a) the date on which a provisional liquidator is appointed by the Company; or
 - (b) the date on which the shareholders of the Company passed a resolution to voluntarily wind-up the Company; or
- 10.3.2 in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.
- 10.4 In the event of the commencement of bankruptcy proceedings against a Grantee, an Option, to the extent unexercised, shall be suspended upon the Company becoming aware of the service of a bankruptcy notice on such Grantee pending the outcome of the bankruptcy proceedings until:
- 10.4.1 the bankruptcy proceedings are withdrawn whereupon the suspension shall be lifted; or
- 10.4.2 such Grantee is adjudged a bankrupt whereupon an Option, to the extent unexercised, shall immediately become null and void and of no further effect as if the same had never been granted in the first place and the Grantee shall have no right or claim in respect of such null and void portion of the Option, notwithstanding the discharge of the Grantee as a bankrupt or that the bankruptcy order is annulled or set-aside subsequently.
- 10.5 In any of the extraneous circumstances specified in By-Laws 10.2, the unexercised or partially exercised Options therein mentioned shall lapse and be of no further effect upon a single exercise of such Options (whether in respect of all new Shares comprised therein or part thereof) or upon the expiration of the period specified therein, whichever is the earlier, and thereafter no claim shall be made against the Company.
- 10.6 An Option shall lapse and be of no further effect upon the expiry of the Option Period applicable thereto.

11. DURATION OF SCHEME

- 11.1 The Scheme shall continue in force for a period of 10 years from the Effective Date. The Effective Date shall be the date of full compliance on which the last of the following approvals and/or conditions have been obtained and/or complied with:
- 11.1.1 approval of Bursa Securities for the listing of and quotation for the new Shares to be issued upon exercise of the Options under the Scheme;
- 11.1.2 approval of the shareholders of the Company at a general meeting;
- 11.1.3 submission of the final copy of these By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- 11.1.4 approvals of any other relevant authorities, where applicable; and
- 11.1.5 fulfilment or waiver (as the case may be) of all applicable conditions attached to the above approvals (if any).

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

Thereafter, within five (5) Market Days from the Effective Date, the Company shall, through the Adviser, submit a confirmation to Bursa Securities of full compliance with the approvals and/or conditions abovementioned stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Scheme.

12. TERMINATION OF SCHEME

- 12.1 Notwithstanding the provisions of By-Law 11 and subject to the rules and regulations governing share option schemes as promulgated by the relevant authorities from time to time and subject further to the provisions of By-Law 12.2, the Company may terminate the continuation of this Scheme at any time.
- 12.2 Prior to the termination of the Scheme, the Company must obtain all the following:
- 12.2.1 the approval of its shareholders in a general meeting; and
 - 12.2.2 the written consent of all Grantees who have yet to exercise their Options, whether in part or in whole.
- 12.3 In such event, no further Offers will be made by the Committee from the date of the last of the aforesaid conditions set out under By-Law 12.2 has been satisfied and all outstanding Offers unexercised or partially exercised Options shall automatically lapse on the Date of Expiry.

13. RIGHTS ATTACHED TO SHARES

- 13.1 The new Shares to be allotted upon an exercise of an Option shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares in issue except that these new Shares will not be entitled to any dividends, rights, allotment and/or other distributions declared, made or paid prior to the date of allotment and issue of the new Shares.
- 13.2 All new Shares issued and allotted upon exercise of an Option shall be subject to all the provisions of the constitution of the Company and the Listing Requirements relating to transfer, transmission and otherwise.

14. TRANSFER FROM OTHER COMPANIES TO THE GROUP

- 14.1 In the case of:
- 14.1.1 a Director or an employee who is employed in a company related to the Group pursuant to Section 7 of the Act (but not a subsidiary of the Company and hereinafter referred to as the "**Previous Company**") and is subsequently transferred from the Previous Company to any company within the Group; or
 - 14.1.2 a Director or an employee who is in the employment of a Previous Company which subsequently becomes a member of the Group as a result of a restructuring or acquisition or otherwise involving the Company and/or any company within the Group,

such an employee or a Director of the Previous Company ("**Affected Person**") will, if the Affected Person satisfies all the conditions of these By-Laws, be eligible to participate in the Scheme provided that the Affected Person:

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

14.1.3 shall also be entitled to continue to exercise all such unexercised option(s) which were granted to him/her under the share option scheme (if any) in which he was participating (“**Previous ESOS**”) whilst the Affected Person was under the employment of the Previous Company in accordance with the by-laws of such Previous ESOS but he shall not, upon such transfer or restructuring or acquisition as the case may be, be eligible to participate for further options of such Previous ESOS; and

14.1.4 will only be eligible to participate in the Scheme for the remaining Duration of the Scheme subject to By-Law 3.3.

15. DIVESTMENT FROM THE GROUP

15.1 If a Grantee who is a Director or an employee of a company within the Group which was subsequently divested wholly, or in part, from the Group which resulted in a subsequent holding of 50% or less by the Company, then such Grantee:

15.1.1 will be entitled to continue to exercise all such unexercised or partially exercised Option(s) which were granted to him/her under the Scheme within a period, which will be decided by the Committee, failing which the right of such Grantee to subscribe for that number of new Shares or any part thereof granted under such unexercised or partially exercised Option(s) shall automatically lapse and be null and void and of no further force and effect; and

15.1.2 shall not be eligible to participate for further Options under the Scheme.

16. TAKEOVER OFFER, COMPULSORY ACQUISITION, SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION

16.1 If any of the following occurs:

16.1.1 a take-over offer for the Shares becomes or is declared unconditional;

16.1.2 a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or

16.1.3 an order being made or a resolution passed for the winding-up of the Company (other than for amalgamation or reconstruction); or

16.1.4 privatisation of the Company either through selective capital reduction, major disposal of assets or otherwise,

the Committee will consider, at its discretion to the extent permitted by law, whether or not to allow the exercise of any unexercised Options (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed by the Committee notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer have not been fulfilled or satisfied.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

The Committee will also take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by the Grantee.

17. ALTERATION OF SHARE CAPITAL

- 17.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, reduction of capital, subdivision or consolidation of Shares, or otherwise howsoever arising, corresponding adjustments (if any) shall be made either in the number of new Shares comprised in the Option so far as unexercised and/or the Option Price in such manner as the Committee may decide PROVIDED THAT the adjustment other than arising from a bonus issue must be confirmed in writing by the external auditors or the adviser of the Company, which must be an investment bank or any Participating Organisation (as defined in the Listing Requirements) that may act as an Adviser, for the time being of the Company to be in their opinion (acting as experts and not as arbitrators) fair and reasonable.

The adjustment pursuant to this By-Law 17.1 shall be made in accordance with the formulas as set out in "First Schedule" attached to these By-Laws and shall be effective on the day immediately following the books closure date for the event giving rise to the adjustment.

- 17.2 Notwithstanding, By-Law 17.1, no adjustment shall be made pursuant to the alteration in the capital structure of the Company, which arises from:

17.2.1 an issue of securities in consideration or part consideration of an acquisition of securities, asset or business by the Company;

17.2.2 a private placement or restricted issue of new Shares by the Company;

17.2.3 a special issue of new Shares to Bumiputra investor(s) approved by the relevant government authority;

17.2.4 implementation of a share buy-back arrangement by the Company under Section 127 of the Act;

17.2.5 an issue of new Shares arising from the exercise of Options under the Scheme and/or any other schemes involving issuance of new Shares to employees; or

17.2.6 an issue of warrants, convertible loan stocks or other instruments by the Company, which give a right of conversion into the Shares and an issue of Shares arising from the conversion of such securities.

- 17.3 The Committee shall within 30 calendar days notify the Grantee (or his legal personal representatives where applicable) in writing of any adjustments made pursuant to this By-Law 17.

- 17.4 In the event of a share buy-back arrangement by the Company pursuant to Section 127 of the Act or the undertaking by the Company of any other corporate exercise, resulting in the reduction in the total number of issued Shares, the following provisions shall apply:

17.4.1 if the number of Shares comprised in the Offers and Options granted by the Company as at the date of such reduction is greater than the Scheme Size, after such reduction all the Offers and Options granted prior to the reduction shall remain valid and exercisable in accordance with the terms and conditions of these By-Laws, but the Committee shall not make any further Offers; and

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

- 17.4.2 if the number of Shares comprised in the Offers and Options granted by the Company as at the date of such reduction is less than the Scheme Size, after such reduction, the Committee may make further Offers only until the total number of Shares comprised in the Offers and Options granted by the Company is equivalent to the Scheme Size after such reduction.
- 17.5 Notwithstanding the provisions in this By-Law 17, in any circumstances where the Committee considers that adjustments to the Option Price and/or the number of new Shares comprised in the Options so far as unexercised as provided for hereunder should not be made or should be calculated on a different basis or different date or should take effect on a different date or that such adjustments be made to the Option Price and/or the number of new Shares comprised in the Options, the Committee may exercise its own discretion or appoint an external auditor to consider whether for any reasons whatsoever (to the extent permissible by the Listing Requirements or any other relevant regulations) the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. In the event an external auditor is appointed and such external auditor considers the adjustment calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such external auditor to be appropriate.
- 17.6 If the Committee and the external auditor are unable to agree upon any adjustment required under these provisions, the Committee shall refer the adjustment to the decision of another external auditor acting as expert and not arbitrator and whose decision as to such adjustment shall be final, conclusive and binding.
- 17.7 In making any adjustment hereunder, the external auditor shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be final, conclusive and binding on all persons having an interest in the Options.
- 18. ADMINISTRATION OF THE SCHEME**
- 18.1 The Scheme shall, subject to these By-Laws, be administered by the Committee, in its absolute discretion with such powers and duties as are conferred on it by the Board.
- 18.2 The Committee shall have the power, from time to time, to do all such acts and things and enter into transactions, agreements, deeds and documents, and to make arrangements, guidelines and/or regulations and vary such arrangements, guidelines and/or regulations or impose or waive any terms and conditions (not being inconsistent with the Scheme) for the implementation and administration of the Scheme, to give effect to the provisions of the Scheme and/or to enhance the benefit of the Options to the Grantees, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme or any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Committee. The Committee in the exercise of its power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective and to determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary to promote the best interests of the Company.
- 18.3 The Board shall have the power at any time and from time to time to approve, rescind and/or revoke the appointment of any member of the Committee and appoint replacement members to the Committee and assume and/or exercise or execute any of the powers and authorities conferred upon the Committee pursuant to these By-Laws.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

- 18.4 Neither the Scheme nor Options granted under the Scheme shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapse of any Options pursuant to any provision of the Scheme;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Scheme; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Scheme.
- 18.5 Any decision or determination of the Committee made pursuant to any provision of the Scheme (other than a matter to be confirmed by the external auditors) shall be final, conclusive and binding (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

19. AMENDMENTS AND/OR MODIFICATION TO SCHEME

- 19.1 Subject to compliance with the Listing Requirements and any other relevant authorities, the Committee may at any time and from time to time recommend to the Board any addition, amendment to and/or modification of any of the provisions of these By-Laws as it shall in its discretion deem fit PROVIDED THAT no additions or amendments to or deletion of these By-Laws shall be made which will:
- (a) materially prejudice any rights then accrued to any Grantee without prior consent or sanction of that Grantee;
 - (b) materially prejudice any rights of the shareholders of the Company without the prior written approval of the Company's shareholders in general meeting; or
 - (c) alter to the advantage of any Grantee the provisions of the Scheme without the prior approval of the shareholders of the Company at a general meeting or any other provisions as stipulated in the Listing Requirements.
- 19.2 The Board shall have the power by resolution to add, amend and/or modify any of the provisions of these By-Laws upon the recommendation from the Committee.
- 19.3 The Company shall submit to Bursa Securities no later than five (5) Market Days after the effective date of the amendments and/or modifications to these By-Laws, each time an addition, amendment and/or modification is made, a confirmation that the said addition, amendment and/or modification does not contravene the applicable requirements governing share option schemes.
- 19.4 The Grantees shall be given written notice of any additions, amendments to and/or deletions of these By-Laws within 30 calendar days of any of the foregoing taking effect.

20. INSPECTION OF AUDITED ACCOUNTS

A Grantee shall be entitled to inspect the latest audited financial statements of the Company during normal office hours on any working day at the registered office of the Company.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

21. TAXES

All taxes (including income tax) arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

22. COST AND EXPENSES OF THE SCHEME

Save for the taxes referred to in By-Law 21, all costs and expenses incurred in relation to the Scheme including but not limited to the costs and expenses relating to the issue of new Shares upon the exercise of any Option shall be borne by the Company.

23. DISPUTE

Any dispute arising hereunder (whether as to the number of Shares comprised in the Option, the amount of Option Price or otherwise) shall be referred to and received by the Committee during the Duration of the Scheme (after which the Eligible Employee or Grantee shall be deemed to have waived the Grantee's rights (if any)). The Committee shall determine such dispute and such decision of the Committee shall be final, conclusive and binding in all respects on the parties thereto. Notwithstanding anything herein to the contrary, any cost and expense incurred in relation to any dispute brought by any party to the Committee shall be borne by such party. Under no circumstances shall a dispute be brought to a court of law.

24. COMPENSATION

24.1 No Eligible Employee or Grantee or his/her legal personal representative shall bring any claim against the Company or the Committee or any other party for compensation or damages arising from the suspension of his/her right to exercise his/her Option or his/her Option ceasing to be valid pursuant to the provisions of these By-Laws, as the same may be amended from time to time in accordance with By-Law 19.

24.2 Notwithstanding any provisions of these By-Laws:

- (a) this Scheme shall not form part of any contract of employment between any company of the Group and any Eligible Employee and the rights of any Grantee under the terms of his office and employment with the Company or any company of the Group shall not be affected by his participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Company or any Group company or any members of the Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company, the Group or the members of the Committee; and
- (c) a Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he or she might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful or unfair dismissal or other breach of contracts or by way of compensation for loss of opportunity.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

25. RETENTION PERIOD

- 25.1 There is no retention period imposed on the new Shares arising from the exercise of Options and a Grantee may deal with the new Shares allotted and issued to him/her in any way he/she pleases. However, the Grantees are encouraged to hold the Shares subscribed by them as long-term-investments rather than for realisation to yield immediate profits.

26. CONSTITUTION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the constitution of the Company, the provisions of the latter shall at all times prevail.

27. SUBSEQUENT SHARE OPTION SCHEMES

The Company may establish more than one (1) Scheme PROVIDED ALWAYS that the aggregate number of Shares available under the Scheme does not exceed the total number of issued Shares (excluding treasury shares) as may be prescribed by Bursa Securities at any point of time during the Duration of the Scheme as provided by By-Law 11 or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

28. NOTICE

- 28.1 Any notice under the Scheme required to be given to or served upon the Committee by an Eligible Employee or Grantee or any correspondence to be made between an Eligible Employee or Grantee to the Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.
- 28.2 Any notice which under the Scheme is required to be given to or served upon an Eligible Employee or Grantee or any correspondence to be made with an Eligible Employee or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile or registered letter addressed to the Eligible Employee or Grantee at the place of employment or at the last facsimile number or address known to the Company as being his facsimile number or address. Any notice served by hand, facsimile or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages and if by registered letter would in the ordinary course of post be delivered.
- 28.3 Notwithstanding By-Law 28.2, where any notice is required to be given by the Company or the Committee in relation to matters which may affect all the Eligible Employees or Grantee, as the case may be, the Company or the Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the Committee. Upon the making of such an announcement, the notice to be made under By-Law 28.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Employees or Grantee, as the case may be.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

29. SEVERABILITY

Any term, condition, stipulation, provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision herein contained.

30. MULTIPLE JURISDICTIONS

In order to facilitate the making of any Offer under this Scheme, the Committee may provide for such special terms to apply to such Offers to Eligible Employees who are employed by a Group company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the Committee may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of, the Scheme as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Scheme as they are in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Scheme. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of this Scheme as then in effect unless this Scheme could have been amended to eliminate such inconsistency.

31. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of Malaysia. The Grantees, by accepting Offers in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of Malaysia.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

FIRST SCHEDULE**ADJUSTMENT TO THE OPTION PRICE
OR THE NUMBER OF SHARES**

The Option Price and/or the number of Shares to be comprised in an Option in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled shall from time to time be adjusted, calculated or determined by the Committee and must be confirmed in writing by the external auditors (other than adjustments made pursuant to bonus issues) for the time being of the Company (acting as experts and not as arbitrators) in accordance with the following relevant provisions:

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different value, the Option Price and/or the additional number of new Shares comprised in the Options so far as unexercised ("**Additional Shares Under Option**") shall be adjusted, calculated or determined in the following manner:

$$\text{New Option Price} = S \times \left(\frac{A}{B} \right)$$

For consolidation of Shares:

$$\text{New number of Shares under Options} = T \times \left(\frac{B}{A} \right)$$

For subdivision of Shares:

$$\text{Additional Shares Under Options} = T \times \left(\frac{B}{A} \right) - T$$

where:

A = the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion;

B = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion;

S = Existing Option Price; and

T = Existing number of Shares comprised in the Options.

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of new Shares credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable), the Option Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Option Price} = S \times \left(\frac{A}{A + B} \right)$$

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

and the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Options} = T \times \left(\frac{A + B}{A} \right) - T$$

where:

A = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other forms of distribution) immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable);

S = S in paragraph (a) above; and

T = T in paragraph (a) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the entitlement date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unappropriated by available assets);
 - (ii) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
 - (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares;

then and in respect of each such case, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \left(\frac{C - D}{C} \right)$$

where:

C = the Current Market Price (as defined in paragraph (g) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

- (bb) in the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of an approved company auditor) by an Adviser, of that portion of the Capital Distribution attributable to one (1) Share; and

S = S in paragraph (a) above.

For the purpose of sub-paragraph (aa) of D above, the “**value of the rights attributable to one (1) Share**” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

C = as C above;

E = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and

1 = One (1).

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares under Options shall be calculated as follows:

$$\text{Additional Shares Under Options} = T \times \left(\frac{C}{C - D^*} \right) - T$$

where:

C = as C above;

E = the “value of the rights attributable to one (1) Share” (as defined below); and

F = as T above.

For the purpose of D* above, the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

C = as C above;

E* = the subscription price of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share; and

F* = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

For the purpose of this paragraph (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares or other securities (other than an issue falling within paragraph (b) above) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, if applicable). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statements of comprehensive income of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \left(\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right)$$

and where the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Options} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

where:

B = B in paragraph (b) above;

C = C in paragraph (c) above;

G = the aggregate number of issued Shares on the entitlement date;

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares, as the case may be;

H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

S = S in paragraph (a) above; and

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

T = T in paragraph (a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = S \times \left(\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \right)$$

and the Additional Shares under Options shall be calculated in the following manner:

$$\text{Additional Shares Under Options} = T \times \left(\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

where:

C = C in paragraph (c) above;

G = G in paragraph (d) above;

H = H as in paragraph (d) above;

H* = H* as in paragraph (d) above;

I = I as in paragraph (d) above;

I* = I* as in paragraph (d) above;

J = the aggregate number of Shares to be issued to the Company's ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;

K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share;

S = S as in paragraph (a) above; and

T = T as in paragraph (a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the entitlement date for the above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price shall be adjusted in the following manner:

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

$$\text{New Option Price} = S \times \left(\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C} \right)$$

and the Additional Shares under Options shall be calculated in the following manner:

$$\text{Additional Shares Under Options} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

where:

- B = B as in paragraph (b) above;
- C = C in paragraph (c) above;
- G = G in paragraph (d) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;
- J = J as in paragraph (e) above;
- K = K as in paragraph (e) above;
- S = S as in paragraph (a) above; and
- T = T as in paragraph (a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the entitlement date for the above transaction.

- (g) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be either the last transacted price or average transacted price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the Securities Commission Malaysia and/or Bursa Securities.
- (h) The foregoing provisions on adjustment of the Option Price and the number of Shares comprised in the Option shall be subject to the following:
 - (i) on any such adjustment the resultant Option Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Option Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
 - (ii) no adjustment shall be made to the Option Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions would be less than one (1) sen or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS (Cont'd)

- (iii) if an event giving rise to any such adjustment shall be capable of falling within any two or more of paragraphs (a) to (f) in this "First Schedule" (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditors or the Company may agree;
- (iv) if for any reason an event giving rise to an adjustment to the Option Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditors or the Company may agree; and
- (v) in determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

HLIB, being our Adviser for the Proposed New ESOS, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this circular.

HLIB has confirmed that there is no conflict of interest existing or is likely to exist in its capacity as our Adviser for the Proposed New ESOS.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments contracted or known to be contracted by our Group which may have a material impact on our financial position:

	RM '000
Approved and contracted for:	
• Property, plant and equipment	191,100

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities which, upon being enforceable, may have a material impact on our financial position or profitability:

	RM '000
• Corporate guarantees provided by our Company to banks for subsidiaries' bank loans	309,405

4. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, 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)

5. 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 circular up to and including the date of our forthcoming EGM:

- (i) our memorandum and articles of association;
- (ii) our audited consolidated financial statements for the past 2 FYEs 31 August 2016 and 31 August 2017 and our latest quarterly financial results for the 3-month financial period ended 30 November 2017;
- (iii) the by-laws of the ESOS 2008/2018 and ESGP 2016/2026;
- (iv) the draft New ESOS By-Laws; and
- (v) the letter of consent referred to in section 2 of this Appendix.



TOP GLOVE CORPORATION BHD

(Company No. 474423-X)

(Incorporated in Malaysia)

www.topglove.com

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company 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 Tuesday, 9 January 2018 at 12.30 p.m. or immediately upon the conclusion of the 19th Annual General Meeting of the Company to be held at the same venue at 11.00 a.m. on the same day, whichever is later, and at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED ORDINARY SHARES IN THE COMPANY ("SHARES") (EXCLUDING TREASURY SHARES) FOR THE ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES) ("PROPOSED NEW ESOS")

"THAT subject to the approvals of all the relevant regulatory authorities being obtained, the board of directors of the Company (**"Board"**) be and is hereby authorised to:

- (i) establish and implement an employees' share option scheme for the benefit of the employees and executive directors of the Company and its subsidiaries (excluding dormant subsidiaries) who fulfil the eligibility criteria for participation in the Proposed New ESOS (**"Eligible Employees"**), under which options will be offered to the Eligible Employees to subscribe for new Shares at a pre-determined price (**"Options"**), which shall be administered by a committee to be appointed by the Board (**"New ESOS Committee"**) in accordance with the by-laws of the Proposed New ESOS (**"New ESOS By-Laws"**);
- (ii) issue and allot such number of new Shares from time to time to the Eligible Employees as may be required for the purpose of or in connection with the Proposed New ESOS, provided that the total number of Shares which may be issued under the Proposed New ESOS and any other schemes involving issuance of new Shares to employees which are still subsisting shall not exceed 10% of the total number of issued Shares (excluding treasury shares) at any one time, and that such new Shares will, upon allotment and issue, rank equally in all respects with the existing Shares, except that the new Shares will not be entitled to any dividends, rights, allotments and other distributions which may be declared, made or paid to shareholders, the entitlement date of which is before the date of allotment and issue of the new Shares;
- (iii) modify and/or amend the Proposed New ESOS and the New ESOS By-Laws from time to time, provided that such modifications and/or amendments are permitted and are effected in accordance with the provisions of the New ESOS By-Laws relating to modifications and/or amendments; and
- (iv) do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreement, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed New ESOS and the terms of the New ESOS By-Laws;

AND THAT the Board be and is hereby authorised to give effect to the Proposed New ESOS with full power to consent to and to adopt any such conditions, modifications, variations and/or amendments (including adopting such modifications, variations and/or amendments to the New ESOS By-Laws) as it may deem fit and/or as may be required by the relevant regulatory authorities;

AND THAT the draft New ESOS By-Laws as set out in Appendix II of the circular to shareholders of the Company dated 20 December 2017, which is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), be and is hereby approved and adopted."

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF OPTIONS TO TAN SRI DR LIM WEE CHAI

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the New ESOS Committee to offer, from time to time throughout the duration of the Proposed New ESOS, Options to subscribe for such number of new Shares under the Proposed New ESOS to Tan Sri Dr Lim Wee Chai, the Chairman and major shareholder of the Company, provided that not more than 10% of the Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF OPTIONS TO DATO' LEE KIM MEOW

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the New ESOS Committee to offer, from time to time throughout the duration of the Proposed New ESOS, Options to subscribe for such number of new Shares under the Proposed New ESOS to Dato' Lee Kim Meow, the Managing Director of the Company, provided that not more than 10% of the Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION OF OPTIONS TO PUAN SRI TONG SIEW BEE

“**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the New ESOS Committee to offer, from time to time throughout the duration of the Proposed New ESOS, Options to subscribe for such number of new Shares under the Proposed New ESOS to Puan Sri Tong Siew Bee, the Executive Director and major shareholder of the Company, provided that not more than 10% of the Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to her if she, either singly or collectively through persons connected with her, holds 20% or more of the total number of issued Shares (excluding treasury shares), subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF OPTIONS TO LIM HOOI SIN

“**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the New ESOS Committee to offer, from time to time throughout the duration of the Proposed New ESOS, Options to subscribe for such number of new Shares under the Proposed New ESOS to Lim Hooi Sin, the Executive Director and major shareholder of the Company, provided that not more than 10% of the Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 6

PROPOSED ALLOCATION OF OPTIONS TO LIM CHEONG GUAN

“**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the New ESOS Committee to offer, from time to time throughout the duration of the Proposed New ESOS, Options to subscribe for such number of new Shares under the Proposed New ESOS to Lim Cheong Guan, the Executive Director of the Company, provided that not more than 10% of the Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 7

PROPOSED ALLOCATION OF OPTIONS TO LIM JIN FENG

“**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the New ESOS Committee to offer, from time to time throughout the duration of the Proposed New ESOS, Options to subscribe for up to 400,000 new Shares under the Proposed New ESOS to Lim Jin Feng, a major shareholder of the Company and a person connected with Tan Sri Dr Lim Wee Chai and Puan Sri Tong Siew Bee, provided that not more than 10% of the Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 8

PROPOSED ALLOCATION OF OPTIONS TO LEW SIN CHIANG

“**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the New ESOS Committee to offer, from time to time throughout the duration of the Proposed New ESOS, Options to subscribe for up to 500,000 new Shares under the Proposed New ESOS to Lew Sin Chiang, a person connected with Puan Sri Tong Siew Bee, provided that not more than 10% of the Shares made available under the Proposed New ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued Shares (excluding treasury shares), subject always to such terms and conditions of the New ESOS By-Laws and/or any adjustments which may be made in accordance with the provisions of the New ESOS By-Laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

By Order of the Board

CHUA SIEW CHUAN
(MAICSA 0777689)
Chartered Secretary

CHIN MUN YEE
(MAICSA 7019243)
Chartered Secretary

NGIAN YOKE FUNG
(MAICSA 7049093)
Chartered Secretary

SHAH ALAM
20 December 2017

Notes:

- 1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 2 January 2018 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.*
- 2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- 3. Where a holder appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at the office of the 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 appointed for holding the Meeting or at any adjournment thereof.*

FORM OF PROXY



*I/We, _____
NRIC/Passport/Company No.: _____ Tel: _____
CDS Account No.: _____ Number of Shares Held: _____
Address: _____

being a member of **TOP GLOVE CORPORATION BHD (474423-X)** hereby appoint:

- 1) Name of Proxy: _____ NRIC/Passport No.: _____
Address: _____
_____ Tel: _____ Percentage of Shares Represented: _____ %
- 2) Name of Proxy: _____ NRIC/Passport No.: _____
Address: _____
_____ Tel: _____ Percentage of Shares Represented: _____ %

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us, and on *my/our behalf at the Extraordinary General Meeting of the 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 Tuesday, 9 January 2018 at 12.30 p.m. or immediately upon the conclusion of the 19th Annual General Meeting of the Company to be held at the same venue at 11.00 a.m. on the same day, whichever is later, and at any adjournment thereof.

Please indicate with "X" how you wish your vote to be casted. In the absence of specific instruction, your Proxy will vote or abstain from voting at his/her discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Proposed New ESOS		
2.	Proposed Allocation of Options to Tan Sri Dr Lim Wee Chai		
3.	Proposed Allocation of Options to Dato' Lee Kim Meow		
4.	Proposed Allocation of Options to Puan Sri Tong Siew Bee		
5.	Proposed Allocation of Options to Lim Hooi Sin		
6.	Proposed Allocation of Options to Lim Cheong Guan		
7.	Proposed Allocation of Options to Lim Jin Feng		
8.	Proposed Allocation of Options to Lew Sin Chiang		

Signed on this _____ day of _____ 2017/2018.

Signature of Member/Common Seal

Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 2 January 2018 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.*
- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- Where a holder appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- The instrument appointing a proxy must be deposited at the office of the 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 appointed for holding the Meeting or at any adjournment thereof.*



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar

TOP GLOVE CORPORATION BHD (474423-X)

c/o: Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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