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

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Bursa Securities has not perused the contents of this Circular in relation to the Proposed Amendments (as defined herein) prior to this Circular's issuance.



TOP GLOVE CORPORATION BHD

(Company No.: 474423-X)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED BONUS ISSUE OF UP TO 1,280,229,124 NEW ORDINARY SHARES IN TOP GLOVE CORPORATION BHD ("TOP GLOVE") ("BONUS SHARES") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING ORDINARY SHARE IN TOP GLOVE HELD;**
- (II) **PROPOSED ISSUANCE OF GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO UNITED STATES DOLLARS 300 MILLION; AND**
- (III) **PROPOSED AMENDMENTS TO THE CONSTITUTION OF TOP GLOVE**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Date and time of the Extraordinary General Meeting (" EGM ")	: Wednesday, 10 October 2018, at 10:30 a.m. or immediately upon the conclusion of the other EGM of Top Glove to be held at the same venue at 10:00 a.m. on the same day, whichever is later, or at any adjournment thereof
Venue of the EGM	: 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
Last date and time for lodging the Form of Proxy	: Monday, 8 October 2018, at 10:30 a.m.

This Circular is dated 18 September 2018

DEFINITIONS

In this Circular and the accompanying appendices, the following words and abbreviations shall have the following meanings unless the context requires otherwise:

ACPL	: ACPL Sdn Bhd
Adventa Capital	: Adventa Capital Pte Ltd
Aspion	: Aspion Sdn Bhd
Aspion Acquisition	: Acquisition of the entire equity interest in Aspion which was completed on 4 April 2018
BNM	: Bank Negara Malaysia
Board	: Board of directors
Bondholders	: Holders of the Bonds
Bonds	: Guaranteed exchangeable bonds to be issued by Top Glove Labuan, which are exchangeable into new Top Glove Shares and which will be guaranteed by Top Glove
Bonus Shares	: New Top Glove Shares to be issued pursuant to the Proposed Bonus Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
CIMB	: CIMB Investment Bank Berhad
Companies Act 2016	: Companies Act 2016, as amended from time to time and all regulations made to it and any re-enactment of it
EGM	: Extraordinary general meeting
Entitled Shareholders	: Shareholders of our Company whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date
Entitlement Date	: A date to be determined and announced later by our Board, on which the names of our shareholders must appear in our Record of Depositors as at 5:00 p.m. in order to be entitled to the Proposed Bonus Issue
EPS	: Earnings per share
ESOS Committee	: The committee appointed by our Board to administer our “Top Glove Corporation Bhd Employees’ Share Option Scheme III”
ESOS Options	: Employees’ share options under our “Top Glove Corporation Bhd Employees’ Share Option Scheme III” for the eligible employees and executive directors of our Group
FYE	: Financial year ended or financial year ending, as the case may be
Issuer or Top Glove Labuan	: Top Glove Labuan Ltd, a wholly-owned subsidiary of our Company
LFSSA	: Labuan Financial Services and Securities Act 2010, as amended from time to time

DEFINITIONS *(Con't'd)*

Listing Requirements	: Main Market Listing Requirements issued by Bursa Securities
LPD	: 23 August 2018, being the latest practicable date prior to the printing of this Circular
NA	: Net assets
Proposals	: The Proposed Bonus Issue, Proposed Bonds Issue and Proposed Amendments, collectively
Proposed Amendments	: The proposed amendments to the Constitution of Top Glove
Proposed Bonds Issue	: The proposed issuance of guaranteed exchangeable bonds with an aggregate principal amount of up to USD300 million
Proposed Bonus Issue	: The proposed bonus issue of up to 1,280,229,124 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Top Glove Share held
Record of Depositors	: A record of securities holders established by Bursa Depository under the rules of Bursa Depository, as amended from time to time
SGX-ST	: Singapore Exchange Securities Trading Limited
Top Care	: Top Care Sdn Bhd
Top Glove or Company	: Top Glove Corporation Bhd
Top Glove Group or Group	: Top Glove and its subsidiaries, collectively
Top Glove Share(s)	: Ordinary share(s) in Top Glove
Trust Deed	: The trust deed constituting the Bonds, which will be made between the Issuer, our Company and the trustee to be appointed for Bondholders prior to the issuance of the Bonds
U.S.	: United States of America
U.S. Securities Act	: United States Securities Act of 1933, as amended from time to time
VWAMP	: Volume weighted average market price

CURRENCIES

USD	: United States Dollar, being the lawful currency of the U.S.
RM and sen	: Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia

DEFINITIONS *(Cont'd)*

All references to “**our Company**” or “**Top Glove**” in this Circular are to Top Glove Corporation Bhd and references to “**our Group**” are to our Company and subsidiaries.

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company and, where the context requires otherwise, our subsidiaries. All references to “**you**” in this Circular are to the shareholders of our Company.

Unless otherwise stated, for illustrative purposes, the exchange rate of USD1.00:RM4.1049, being Bloomberg “BFIX” Spot Mid Price as at 12.00 p.m. Malaysian time on the LPD, is used throughout this Circular for purposes of translation of USD into RM.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

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TOP GLOVE CORPORATION BHD

(Company No.: 474423-X)
(Incorporated in Malaysia)

Registered Office

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

18 September 2018

Board of 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*)
Low Chin 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 Mansor (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

- (I) **PROPOSED BONUS ISSUE;**
 - (II) **PROPOSED BONDS ISSUE; AND**
 - (III) **PROPOSED AMENDMENTS**
-

1. INTRODUCTION

On 20 April 2018, we announced through CIMB that we are proposing to undertake the Proposals.

On 8 June 2018, we announced through CIMB that BNM had, via its letter dated 4 June 2018, approved the issuance of the Bonds by the Issuer, the provision of guarantee by our Company in relation to the Proposed Bonds Issue and the on-lending of the proceeds raised through the Proposed Bonds Issue to onshore Malaysia by the Issuer to our Company for purposes of repayment of our Company and our related corporations' existing foreign currency borrowings obtained from local licensed financial institutions, subject to certain conditions.

On 20 July 2018, we announced through CIMB that BNM had, via its letter dated 19 July 2018, approved our application to vary certain conditions as stipulated in BNM's approval dated 4 June 2018. Please refer to Section 8 of this Circular for further details.

On 5 September 2018, we announced through CIMB that Bursa Securities had, via its letter dated 5 September 2018 approved the following on the Main Market of Bursa Securities:

- (a) the listing and quotation of up to 1,280,267,624 Bonus Shares; and
- (b) the listing and quotation of up to 221,873,685 new Top Glove Shares which may be issued arising from the exchange of the Bonds,

subject to the conditions as disclosed in Section 8 of this Circular.

This Circular is to provide you with details of the Proposals and to seek your approval for the resolutions pertaining to the Proposals which will be tabled at our forthcoming EGM. We enclose the notice of the forthcoming EGM and the Form of Proxy in this Circular.

PLEASE READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Basis and number of Bonus Shares

The Proposed Bonus Issue involves the issuance of up to 1,280,229,124 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Top Glove Share held by the Entitled Shareholders on the Entitlement Date. For avoidance of doubt, the treasury shares would be entitled to the Bonus Shares pursuant to Section 127(11) of the Companies Act 2016 and such Bonus Shares will be treated as treasury shares held by our Company at the time the Bonus Shares are allotted.

As at the LPD, there are 1,280,229,124 shares of our Company (including 2,070,700 treasury shares) in issue. In addition, our Company also has 3,166,500 ESOS Options.

The ESOS Committee has temporarily suspended the exercise of all ESOS Options from 3 September 2018 until the completion of the Proposed Bonus Issue. Pursuant thereto, 1,280,229,124 Bonus Shares will be issued and the enlarged issued share capital of our Company immediately after the Proposed Bonus Issue will comprise of 2,560,458,248 Top Glove Shares (including 4,141,400 treasury shares).

In determining entitlements under the Proposed Bonus Issue, fractional entitlements, if any, will be dealt with in such manner as the Board of our Company in its sole and absolute discretion deems fit and expedient, and in the best interest of our Company.

The price of the Top Glove Shares will be adjusted for the Proposed Bonus Issue. For illustrative purpose only, based on the 3-month volume weighted average market price of the Top Glove Shares up to and including the LPD of RM10.27, the theoretical ex-bonus price ("**TEBP**") of Top Glove Shares pursuant to the Proposed Bonus Issue is RM5.13. The adjustment complies with Paragraph 6.30(1A) of the Listing Requirements.

The Proposed Bonus Issue will not be implemented in stages over a period of time.

2.1.2 Capitalisation of reserves

The Bonus Shares will be issued as fully paid shares, at nil consideration and without capitalisation from our Company's reserves.

Pursuant to the Companies Act 1965, shares may not be issued at a discount to the par value and an amount must be capitalised from the retained earnings or reserves and be transferred to the share capital account in connection with an issuance of new shares. Under the Companies Act 2016 which came into effect on 31 January 2017, replacing the Companies Act 1965, the concept of par value for shares in companies incorporated in Malaysia has been abolished.

Under the Companies Act 2016, such requirements are no longer applicable and there is no stipulation that cash consideration must be paid or transferred in connection with the issuance of new shares. As a result, a bonus issue can now be undertaken either:

- (i) by way of capitalisation of the retained earnings/accumulated profits of a company;
- (ii) by way of capitalisation from the amount standing to the credit of the share premium account or capital redemption reserves of a company (applicable only during the 24 months transitional period as stipulated under Section 618(3)(c) of the Companies Act 2016 and Practice Note 1/2017 dated 8 February 2017 issued by the Companies Commission of Malaysia); or
- (iii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

Given the above and the rationale of the Proposed Bonus Issue set out in Section 3.1 of this Circular, our Board has resolved that the Bonus Shares shall be issued as fully paid shares at nil consideration, and without capitalisation from our Company's reserves.

Taking, inter alia, the above into consideration, the implementation of the Proposed Bonus Issue is and will be in compliance with the Companies Act 2016.

2.1.3 Ranking of Bonus Shares

The Bonus Shares will upon allotment and issue, rank equally in all respects with the then existing issued Top Glove Shares. However, the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions unless the allotment and issue of such Bonus Shares were made on or prior to the Entitlement Date of such dividends, rights, allotments and/or other distributions.

2.1.4 Listing and quotation of the Bonus Shares

Bursa Securities had, via its letter dated 5 September 2018 approved, among others, the listing and quotation of up to 1,280,267,624 Bonus Shares pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

2.2 Proposed Bonds Issue

The Bonds will be issued by Top Glove Labuan, our wholly owned subsidiary and will be irrevocably and unconditionally guaranteed by our Company.

In the primary market, the Bonds will be offered exclusively to (1) persons in Labuan or outside Malaysia or entities established or registered under the laws of Labuan and (2) persons falling within the categories of excluded offers and invitations of debentures as set out in Section 8(5) of the LFSSA and to certain non-United States resident persons as defined in Section 902(k) of Regulation S in offshore transactions under the U.S. Securities Act, subject to the relevant selling restrictions on the offer, sale and transfer of the Bonds, in, among others, the U.S., the United Kingdom, European Economic Area (excluding the United Kingdom), Malaysia, Hong Kong, Singapore and Japan.

The Bonds and the new Top Glove Shares to be issued upon exchange of the Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the U.S. except in certain transactions exempted from the registration requirements of the U.S. Securities Act.

The Bonds may be exchanged at the option of the Bondholders into new Top Glove Shares.

The number of new Top Glove Shares to be issued in the event of exchange of the Bonds will depend on among others, the Exchange Price (as defined in Section 2.2.1 of this Circular), and the principal amount of the Bonds exchanged during the Exchange Period (as defined in Section 2.2.1 of this Circular).

The Bonds may be redeemed by Top Glove Labuan in cash at the maturity date or pursuant to the Issuer's option or the Bondholders' option before the maturity date, as set out in the indicative salient terms of the Bonds below.

The Proposed Bonds Issue will not be undertaken on a minimum subscription basis. The Bonds will not be underwritten and the Proposed Bonds Issue will be conducted on a best effort basis.

2.2.1 Indicative salient terms of the Bonds

The indicative salient terms of the Bonds are as follows:

Issuer	: Top Glove Labuan.
Guarantor	: Company.
Issue size	: Up to USD300 million.
Issue Price	: 100% of the principal amount.
Tenure of issue	: 5 years from the issue date.
Coupon	: The coupon rate for the Bonds shall be determined on the Pricing Date (as defined in Section 2.2.2 of this Circular) based on, among others, the prevailing market conditions.

Guarantee	: Our Company will unconditionally and irrevocably guarantee:
	(i) the due payment of all sums to be payable by the Issuer under the Trust Deed and the Bonds; and
	(ii) the due and punctual performance of all the Issuer's obligations under the Trust Deed and the Bonds,
	(the " Guarantee ")
	The payment obligations of our Company under the Guarantee will, save for such exceptions as may be provided by applicable laws and subject to the Negative Pledge (as defined below), at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.
Rating	: The Bonds will not be rated.
Form and denomination	: The Bonds will be issued in registered form in the denomination of USD200,000 each and integral multiples of USD1,000 in excess thereof.
Selling restriction	: In the primary market, the Bonds will be offered exclusively to (1) persons in Labuan or outside of Malaysia or entities established or registered under the laws of Labuan and (2) persons falling within the categories of excluded offers and invitation of debentures as set out in Section 8(5) of the LFSSA and to certain non U.S. resident persons as defined in Section 902(k) of Regulation S in offshore transactions under the U.S. Securities Act subject to the relevant selling restriction on the offer, sale and transfer of the Bonds, in, among others, the U.S., the United Kingdom, European Economic Area (excluding the United Kingdom), Malaysia, Hong Kong, Singapore and Japan.
Redemption Price	: 100% of principal amount or at a premium or discount to be determined by the Issuer on the Pricing Date (as defined in Section 2.2.2 of this Circular).
Reference Share Price	: The closing share price of Top Glove Shares on or immediately preceding the Pricing Date (as defined in Section 2.2.2 of this Circular).
Exchange Premium	: Range between 10% to 40% above the Reference Share Price. The final Exchange Premium will be determined on the Pricing Date (as defined in Section 2.2.2 of this Circular).
Exchange Price	: The Exchange Price shall be determined on the Pricing Date (as defined in Section 2.2.2 of this Circular), based on the Reference Share Price after applying the Exchange Premium.

- Fixed Exchange Rate : The Fixed Exchange Rate shall be the Bloomberg “BFIX” USDMYR Spot Mid Price at 12:00 p.m. Malaysian time on or immediately preceding the Pricing Date (as defined in Section 2.2.2 of this Circular).
- Exchange Ratio : Such number of new Top Glove Shares per Bond denomination based on the Exchange Price and the Fixed Exchange Rate.
- Exchange Property : The Bonds may be exchanged into new Top Glove Shares at the option of the Bondholders during the Exchange Period.
- Fractions of new Top Glove Shares will be disregarded and not be delivered on exchange and no cash adjustments will be made subject to certain conditions to be set out in the Trust Deed.
- Exchange Period : The period during which the Bonds may be exchanged into new Top Glove Shares, which shall be determined on the Pricing Date (as defined in Section 2.2.2 of this Circular).
- Adjustment to Exchange Price : The Exchange Price is subject to adjustments pursuant to certain events (including but not limited to subdivision, or consolidation of shares, capitalisation of profits or reserves, capital distribution, rights issues and other dilutive events) as set out in the Trust Deed. Any such adjustments will be subject to the applicable rules and laws (including but not limited to the Listing Requirements).
- Redemption at maturity : All Bonds which are not redeemed, exchanged, or purchased and cancelled in the manner allowed pursuant to the terms and conditions of the Bonds shall be redeemed in cash by the Issuer on the maturity date at the Redemption Price together with accrued but unpaid interest.
- Early Redemption Amount : 100% of the principal amount of the Bonds or at a premium to be determined by the Issuer on the Pricing Date (as defined in Section 2.2.2 of this Circular).
- Redemption at the option of Issuer : (a) Issuer Call:
 During a period which will be determined prior to the issuance of the Bonds, in whole but not in part, at the Early Redemption Amount together with accrued but unpaid interest if the closing price of Top Glove Shares meets the agreed threshold, which is based on a percentage (for example, 120% or 130%) of the then Exchange Price, to be determined subject to prevailing market conditions on the Pricing Date.

(b) Clean Up Call:

At any time, in whole but not in part, at the Early Redemption Amount together with accrued but unpaid interest in the event that at least 90% of the Bonds issued have been previously redeemed, exchanged, repurchased or cancelled.

(c) Tax Call:

At any time, in whole but not in part, at the Early Redemption Amount together with accrued but unpaid interest in the event of certain changes affecting applicable taxes in the relevant jurisdictions such as an increase in withholding taxes or any applicable taxes payable by the Issuer in relation to the Bonds.

- Redemption at the option of Bondholders : Upon the occurrence of certain events to be determined prior to the issuance of the Bonds, the Bondholders may be entitled to exercise a right prior to the maturity date to require the Issuer to redeem in cash, all or part of the Bonds at the Early Redemption Amount together with accrued but unpaid interest.
- Status : Subject to the Negative Pledge (as defined below) and save for such exceptions as may be provided by applicable laws, the Bonds constitute direct, unconditional, unsubordinated, unsecured obligations of the Issuer and will at all time rank equally and without any preference or priority among themselves.
- Trust Deed : The Bonds shall be constituted by the Trust Deed, which shall be administered by a trustee acting on behalf of the Bondholders ("**Trustee**").
- Events of default : Customary events of default including, without limitation (i) default in payment on the Bonds, (ii) the Issuer's or our Company's failure to comply with its obligations under the conditions of the Bonds and/or the Guarantee, (iii) insolvency and winding-up proceedings against our Company and the Issuer and (iv) cross default. Events of default will be subject to exceptions, qualifications, grace periods, thresholds and reservations to be agreed.

If an event of default occurs and is continuing, the Trustee at its sole discretion may, and if so requested in writing by the Bondholders of not less than 25% in principal amount of the Bonds then outstanding or if so directed by an extraordinary resolution shall (subject to the Trustee's rights under the Trust Deed to be indemnified, pre-funded and/or secured by the Bondholders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their Early Redemption Amount together with accrued but unpaid interest (subject as provided in the Trust Deed and without prejudice to the right of Bondholders to exercise the right to exchange the Bonds into new Top Glove Shares in accordance with the Trust Deed).

Negative Pledge : The Issuer and our Group may provide negative pledge in respect of security interests to secure certain international investment securities, subject to exceptions and qualifications to be agreed.

Modification and Waiver : The Bondholders may, by special resolution, sanction, inter-alia, any modification or compromise of their rights and consent to any modification to the Trust Deed or the Bonds subject to and in accordance with applicable rules and laws (including but not limited to the Listing Requirements).

The Trustee may at any time, but shall not be obliged to without any consent of the Bondholders, concur with the Issuer in making any modification to the Bonds or the Trust Deed which in the Trustee's opinion is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law.

Governing Law : English law.

The final terms of the Bonds will depend on market conditions at the time of the offering. Our Company will make an announcement by the next trading day following the Pricing Date (as defined in Section 2.2.2 of this Circular) following completion of the Proposed Bonds Issue setting out the following:

- (i) basis of determination together with the justifications for the coupon rate, the Redemption Price, the Exchange Premium and Early Redemption Amount;
- (ii) the maximum number of new Top Glove Shares to be issued pursuant to the exchange of Bonds into new Top Glove Shares;
- (iii) the Exchange Period; and
- (iv) events that may trigger early redemption of the Bonds at the option of the Bondholders.

2.2.2 Basis of determining and justification for the Issue Price and Exchange Price of the Bonds

The Issue Price of the Bonds is fixed at 100% of the principal amount.

Our Board will determine and fix the Exchange Price (as defined in Section 2.2.1 of this Circular) of the Bonds at a later date after receipt of all relevant approvals but prior to issuance of the Bonds (“**Pricing Date**”), taking into consideration the following:

- (i) Reference Share Price (as defined in Section 2.2.1 of this Circular); and
- (ii) Exchange Premium (as defined in Section 2.2.1 of this Circular).

2.2.3 Ranking of the new Top Glove Shares to be issued arising from exchange of the Bonds

The new Top Glove Shares to be issued arising from the exchange of the Bonds, will upon allotment and issue, rank equally in all respects with the then existing issued Top Glove Shares. However, such new Top Glove Shares will not be entitled to any dividends, rights, allotments and/or other distributions unless such new Top Glove Shares were allotted and issued on or before the entitlement date of such dividends, rights, allotments and/or other distributions.

2.2.4 Listing and quotation of the Bonds and new Top Glove Shares to be issued upon exchange of the Bonds

Our Company intends to seek the listing of the Bonds on Bursa Securities (under an exempt regime where the Bonds will be listed but not quoted for trading) and on SGX-ST.

The new Top Glove Shares to be issued upon exchange of the Bonds will be listed on Bursa Securities. Bursa Securities had, via its letter dated 5 September 2018 approved, among others, the listing and quotation of up to 221,873,685 new Top Glove Shares to be issued pursuant to the full exchange of the Bonds on the Main Market of Bursa Securities.

As at the LPD, the approvals for the listing of the Bonds on Bursa Securities (under an exempt regime where the Bonds will be listed but not quoted for trading) and on SGX-ST have not been obtained.

2.3 Proposed Amendments

The Proposed Amendments involve amendments to our Constitution to facilitate the issuance of the Bonus Shares under the Proposed Bonus Issue.

Our Constitution shall be amended as follows:

- (i) By amending the existing Clause 5 of our Company's Memorandum of Association in relation to the authorised share capital of our Company as follows:

Clause No.	Existing Clauses	Proposed Amendments
5	The capital of the Company is RM800,000,000 Malaysian Currency divided into 1,600,000,000 ordinary shares of RM0.50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The capital of the Company is RM800,000,000 Malaysian Currency divided into 1,600,000,000 ordinary shares of RM0.50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

- (ii) By deleting the following articles in our Company's Articles of Association ("**Articles**"):

Article No.	Existing Articles	Proposed Amendments
6	While the shares are held as treasury shares, the rights attached to such shares as to voting, dividends and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of Section 67A(3C) of the Act, the provisions of any law or requirements of the Articles of Association of the Company of the Listing Requirements or Relevant Regulations on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.	To delete in its entirety.

Article No.	Existing Articles	Proposed Amendments
7	The authorised share capital of the Company is RM800,000,000 (Malaysian Ringgit: Eight Hundred Million) divided into 1,600,000,000 ordinary shares of RM0.50 (Malaysian Sen: Fifty) each.	To delete in its entirety.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

3.1 Proposed Bonus Issue

Our Company undertakes the Proposed Bonus Issue to reward our Company's shareholders in the form of Bonus Shares which will enable the shareholders to have greater participation in the equity of our Company in terms of number of shares while retaining their percentage of equity interest held. In addition, the Proposed Bonus Issue will increase the number of Top Glove Shares in issue, which may potentially improve the liquidity and marketability of Top Glove Shares.

3.2 Proposed Bonds Issue

We are undertaking the Proposed Bonds Issue to raise funds for our Group mainly to repay bank borrowings as set out in Section 5 of this Circular.

After due consideration of the various methods of fund-raising and other types of instruments as well as the capital structure of our Company, our Board is of the opinion that the Proposed Bonds Issue is the most appropriate means for raising funds due to the following:

- (i) it will enable our Group to raise proceeds which are to be used in the manner as set out in Section 5 of this Circular;
- (ii) due to the exchangeable feature in new Top Glove Shares and the value given to such exchange option, the Bonds are expected to lower the annual cash costs of funding for our Group as compared to plain vanilla bonds without exchangeable feature;
- (iii) as the Bonds will bear interest at a fixed coupon rate, this will reduce our Group's exposure to fluctuating interest rates and enable our Group to manage its cash flow more efficiently;
- (iv) it will enable our Group's debt profile to be of longer term in nature, given that the proceeds raised from the Proposed Bonds Issue will be mainly used to repay the existing borrowings which are of shorter term in nature;
- (v) a USD denominated funding instrument will be naturally hedged against our Group's revenue from its export business which are mainly denominated in USD;
- (vi) USD denominated bonds will allow our Group to access the global equity-linked bond market which will enable our Company to access a larger pool of investors and raise its profile in the global marketplace;
- (vii) it will enable our Group to diversify its source of funding;

- (viii) the Bondholders will have the option to exchange the Bonds into new Top Glove Shares at the Exchange Price. To the extent that option is exercised, the new Top Glove Shares issued will reduce the outflow of funds required from our Group to redeem the Bonds upon maturity. In addition, as compared to funds raised via conventional borrowings, the exchange of the Bonds prior to its maturity will result in interest savings to our Group as our Company will no longer be required to pay coupon (if any) on any such portion of the Bonds exchanged;
- (ix) the new Top Glove Shares to be issued upon exchange of the Bonds by Bondholders are expected to strengthen our Company's equity base, lower our gearing ratios, increase our shareholding spread and potentially enhance the liquidity of Top Glove Shares; and
- (x) it will minimise the immediate dilutive effect on our Group's basic EPS, as the Bonds are only expected to be exchanged over a period of time during the Exchange Period.

3.3 Proposed Amendments

The Proposed Amendments are undertaken to facilitate the implementation of the Proposed Bonus Issue.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and prospects on the global economy

The global economy continued to expand in the second quarter of 2018. Following a year of strong growth among both advanced and Asian economies, gross domestic product ("**GDP**") outturns in the second quarter showed that global growth is becoming less synchronised. While growth in the U.S. continued to accelerate, many major countries recorded either sustained or more moderate expansions.

In the advanced economies, labour conditions remained supportive of private consumption, as unemployment rates continued to decline amid a steady increase in wage growth. In particular, euro area unemployment in the second quarter of 2018 reached its lowest level since December 2008. Investment activity, however, moderated in most economies with the exception of the U.S., where business spending was supported by the 2017 tax reforms.

Growth in the Asian region was more modest. During the quarter, high-frequency indicators such as the Purchasing Managers Index (PMI) for the manufacturing sector registered declines for the first time since 2015. People's Republic of China ("**PRC**") recorded slower growth as the effect of credit tightening policies weighed on domestic investment, particularly from local government spending on infrastructure. Domestic demand in the rest of the Asian region remained resilient, due to policy support and higher infrastructure spending.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2018, BNM)

Global GDP is forecast to expand 3.7% in 2018 (2017: 3.6%), driven by sustained growth in the advanced economies and a better performance in the emerging markets and developing economies. The advanced economies are projected to register a growth of 2% (2017: 2.2%), supported by strong domestic and external demand. Growth in the U.S. is anticipated to continue to expand 2.3% (2017: 2.2%), contributed by resilient domestic demand following strong consumer spending, rising investment activities and improved external demand. In the euro area, growth is projected to moderate 1.9% (2017: 2.1%) due to slower investment, despite favourable financing conditions backed by the European Central Bank's stimulus programme. Similarly, growth in the United Kingdom is expected to be at a slower pace of 1.5% (2017: 1.7%) owing to post-Brexit uncertainties that may continue to affect business and consumer confidence. Japan's economy is projected to grow at a slower pace of 0.7% (2017: 1.5%) due to the withdrawal of fiscal stimulus.

In the emerging markets and developing economies, GDP is expected to improve 4.9% (2017: 4.6%), mainly supported by higher global demand and rising market confidence. PRC is anticipated to grow 6.5% (2017: 6.8%) amid continuous structural reforms and efforts to contain risks in its financial and property markets. India's growth is projected to strengthen 7.4% (2017: 6.7%), largely contributed by strong private consumption and increased investment through key structural reforms. Meanwhile, the Association of South East Asian Nations is expected to record a steady growth of 5.1% (2017: 4.9%), underpinned by strong consumption and increased external demand.

(Source: Economic Report 2017/2018, Ministry of Finance, Malaysia)

4.2 Overview and prospects of the Malaysian economy

The Malaysian economy expanded at a slower pace of 4.5% in the second quarter of 2018 (first quarter of 2018 (“**1Q 2018**”): 5.4%). Growth was slower on account of supply disruptions in the mining sector and lower agriculture production. The latter is due to supply constraints and adverse weather conditions. On the demand side, growth was dampened by lower public investment and net export growth. Private sector spending remained resilient, expanding further by 7.5% (1Q 2018: 5.2%). In particular, private consumption increased strongly by 8.0% (1Q 2018: 6.9%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.3% (1Q 2018: 1.4%).

Domestic demand recorded a stronger growth of 5.6% (1Q 2018: 4.1%), as the higher private sector activity (7.5%; 1Q 2018: 5.2%) more than offset the decline in public sector spending (-1.4%; 1Q 2018: -0.1%).

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2018, BNM)

The Malaysian economy will remain resilient in 2018, with real GDP expanding between 5% and 5.5%, led by domestic demand. Private sector expenditure continues to be the primary driver of growth with private investment and consumption growing 8.9% and 6.8% respectively. Meanwhile, public sector expenditure is forecast to decline, in line with lower capital outlays by public corporations. On the supply side, growth is expected to be broad based, with all sectors registering positive growth. Malaysia's external position is forecast to remain favourable supported by global growth and trade. Against this backdrop, the nominal gross national income (“**GNI**”) per capita is expected to increase 5.1% from RM40,713 in 2017 to RM42,777 in 2018. With investment growing at a faster pace, the savings-investment gap will narrow to 2.3% of GNI. The economy will continue to operate under conditions of full employment with an unemployment rate of below 4%, while inflation remains benign. In line with fiscal consolidation efforts, the fiscal deficit will further decline to 2.8% of GDP in 2018 (2017: 3%). Accordingly, the Federal Government debt remains sustainable within the prudent limit of 55% of GDP.

These developments will further strengthen the nation's economic fundamentals and resilience to further propel the country towards the milestones of an advanced and high-income nation by 2020, doubling the size of the economy to RM2 trillion in 2025 and joining the ranks of top 20 countries by 2050.

(Source: Economic Report 2017/2018, Ministry of Finance, Malaysia)

4.3 Outlook on the rubber and rubber products industry

Value added of the rubber subsector turned around 20.8% during the first half of 2017 (January – June 2016: -9.7%). The growth was supported by higher prices coupled with increased yields following favourable weather conditions. During the first eight months of 2017, production of rubber rebounded 19.1% to 495,049 tonnes (January – August 2016: -9.3%; 415,502 tonnes). For the year, rubber production is expected to expand 3.9% to 700,000 tonnes (2016: -6.7%; 673,513 tonnes). The average rubber prices (SMR20) increased to RM7.44 per kg during the first nine months of 2017 (January – September 2016: RM5.17 per kg) largely due to supply disruption following flood in Thailand coupled with higher demand from expansion in the global vehicle fleet. In 2017, the subsector was expected to record a strong growth momentum of 10.8% with prices averaging at RM7.30 per kg (2016: -6.3%; RM5.68 per kg).

Output of rubber products remained strong at 6.9% (January – August 2016: 5%). Growth was led by production of rubber gloves which rose 8.1% (January – August 2016: 5.7%) following greater manufacturing efficiency as well as strong demand from the medical and healthcare industries, especially in Germany, Japan and the U.S. However, production of rubber tyres for vehicles declined 3% (January – August 2016: 5.2%) due to higher input prices following flood in major rubber producing countries.

Export earnings from rubber products grew strongly by 35.6% (January – August 2016: 1%) mainly driven by rubber gloves and rubber tyres, which increased 24% and 20.8%, respectively. Robust demand for rubber gloves was on account of rising standards of health-related procedures and hygiene awareness globally. Meanwhile, receipts from rubber tyres were supported by growing demand from the automotive industry. During the period, higher exports of rubber products were recorded to PRC, Germany, Japan and the U.S. In addition, exports of optical and scientific equipment grew 12.2% (January – August 2016: 14.5%) led by higher demand for measuring, controlling and medical instruments.

(Source: Economic Report 2017/2018, Ministry of Finance, Malaysia)

4.4 Outlook of the medical devices industry

Aging populations worldwide, coupled with extended life expectancy, create a sustainable demand for medical devices. As elderly populations' healthcare is frequently government-subsidised in markets around the world, home healthcare is also becoming of increased importance, as related technologies become more effective, and healthcare budgets are more closely scrutinized.

Besides leading the world in the production of medical devices, the U.S. is the largest medical devices consumer. The U.S. medical device market is valued at more than USD140.0 billion in 2015, which accounts for approximately 45% of the global market according to the U.S. Government Accountability Office's (GAO) 2014 statistics. The U.S. exports of medical devices were valued at approximately USD45.0 billion in 2015, and imports were valued at USD54.0 billion. Over the past decade the value of imported medical devices has steadily increased, gradually eroding the previous trade surplus. The majority of imports are lower technology products, such as surgical gloves and instruments.

Japan's market for medical devices and materials continue to be among the world's largest. According to the latest official figures from the Ministry of Health, Labor and Welfare (MHLW) Annual Pharmaceutical Production Statistics, the Japanese market for medical devices and materials in 2013 was approximately USD33.6 billion (up 3.2% from 2012 in yen terms). Japan's total imports of U.S. medical devices were approximately USD7.7 billion in 2013. In the near term, the market is expected to increase due to Japan's aging population and continued demands for advanced medical technologies.

According to the German Advanced Medical Technology Association (BVMed), in Germany, the medical devices industry employed 195,000 persons with a market valued at EUR25.2 billion in 2014. The German market accounts for 40% of the entire European Union market for medical devices. There is a stable demand for high quality advanced diagnostic and therapeutic equipment, innovative technologies and minimally invasive equipment in vascular surgery, urology, gastroenterology, dermatology and neuro-surgery.

(Source: 2016 Medical Devices Top Markets Report, International Trade Administration, US Department of Commerce)

The medical devices sector represents an area which has allowed Malaysia to spur growth, recording RM9.7 billion in exports in 2016 from RM9.5 billion in 2015 and RM5.1 billion in 2011. The exports have continued its upward trajectory as overseas demand was strong for products such as surgical and examination gloves; catheters, syringes, needles and sutures; electromedical equipment, ophthalmic lenses (including contact lenses); sheath contraceptives; orthopaedic appliances and medical and surgical X-ray apparatus. The U.S. represents the top purchaser of Malaysian-made medical goods, followed by South Korea, Belgium, Germany, Singapore, Japan, the PRC, the Netherlands, Australia and Indonesia. Moving forward, the demand for healthcare is expected to surge in an era of rising chronic and lifestyle diseases, aging populations in both developed and developing nations and a growing middle class with improving disposable income in various developing regions.

(Source: National Transformation Programme Annual Report 2016, Performance Management and Delivery Unit, Prime Minister's Department)

4.5 Outlook of the glove manufacturing industry

Malaysia exported 62.4 billion pairs of gloves in 2017 compared to 51.1 billion pairs of glove in 2012 which represents a compound annual growth rate ("**CAGR**") of 4.1% between 2012 and 2017. Over the same period, exports value of glove rose by a CAGR of 8.5% to RM15.9 billion in 2017. From January to June 2018, the export value of the local rubber glove industry was at RM8.47 billion, a growth of 6.6% from RM7.95 billion in the same period last year.

According to the latest available data, synthetic rubber (nitrile) gloves made up to 55.3% of the total export value while the remaining 44.7% of the export value were made up of natural rubber (latex) gloves. The top 5 export destinations for gloves manufactured in Malaysia are U.S., Germany, Japan, Brazil and United Kingdom which accounted for 34.1%, 8.2%, 6.2%, 4.4% and 4.2% of the total export value respectively.

The rubber glove industry is expected to grow by approximately 15% annually in the next few years. The consumption of gloves is driven by high healthcare spending per capita in matured regions such as North America and Europe, with healthcare expenditure as a percentage of GDP in these regions recorded at more than 8%. Meanwhile, gloves consumption per capita in emerging countries such as China, India and Indonesia is much lower compared to developed countries and is expected to grow strongly as standards in the healthcare sector increase and awareness on the benefits of using gloves improves. Guidelines and recommendations set by authorities for hygiene and safety purposes in non-healthcare sectors will also be a driving factor for glove demand.

At the same time, increasing number of aging population, coupled with high life expectancy create a higher demand for healthcare services, which in turn drives growth in gloves industry. For surgical gloves, increasing practice of double gloving and frequent changing of gloves during surgery will continue to drive higher usage of surgical gloves in the future.

(Source: Frost & Sullivan)

4.6 Prospects of our Group

Our Group will continue to pursue strategic expansion via the organic and non-organic routes. We are in the process of constructing 2 new manufacturing facilities in Malaysia and Thailand as well as expanding existing factories in Malaysia. The ongoing expansion will boost our Group's total number of production lines by an additional 108 lines and production capacity by 10.8 billion gloves per annum by early 2020. Our Group has also recently diversified into the condom business, with its first such factory started operation in July 2018. Top Glove will also continue to explore mergers and acquisitions opportunities, as well as new set-ups in synergistic industries, towards faster and more efficient growth. The Aspion Acquisition, which was completed in April 2018, has enabled us to become a major global surgical glove manufacturer. The Aspion Acquisition also allows our Group to access new, innovative technologies, surgical glove manufacturing processes, know-how and proprietary materials. One such example is Aspion's Finessis surgical gloves using Flexylon™ polymer. These gloves are reported to have lower tendency for pinholes due to their higher density, are free of chemical and allergen and are designed to mimic the physical attributes of natural rubber latex in terms of softness, comfort and elasticity. We are also able to reap synergies from Aspion's experience in surgical gloves and our Group's global presence by extending its distribution network into new regions and countries. In particular, this allows us to tap on developed regions such as North America, Europe and Japan which constitute a major segment of the global surgical glove market.

Our Group continues to place emphasis and efforts on internal quality and cost efficiency improvements, and in particular, concerted efforts in automation and reengineering. Upgrading initiatives resulting in newer and more efficient production lines, as well as glove quality enhancements also contributed to good margins. Our Group intends to continue to expand its operations and build new optimised facilities with faster, more efficient and technologically advanced production lines towards better profitability. Following the Aspion Acquisition, as at the LPD, our Group has a total of 32 glove manufacturing facilities, with 648 production lines producing approximately 60.5 billion gloves per annum.

Notwithstanding the above, after the completion of the Aspion Acquisition, we discovered irregularities in Aspion's accounts, in particular the inventories, plant and machinery. Upon such discovery, we conducted our own investigations and appointed an independent accounting firm to investigate the irregularities in Aspion's accounts as well as the possible overstatement of the acquisition price for Aspion. The interim report issued by the independent accounting firm indicated that there was an overstatement of inventory and plant and machinery in Aspion's accounts amounting to RM74.4 million and that the consideration for the Aspion Acquisition was overstated by RM640.5 million.

The acquisition price was calculated based on the profit after tax ("**PAT**") target of Aspion for the FYE 31 October 2018 of RM80.9 million ("**Original PAT Target**") and a price to earnings multiple of 16.93 times. The Original PAT Target was in turn derived at based on the previous financial years' net profits of Aspion. However, subsequent investigation by an independent accounting firm indicated that the previous financial years' net profits were inflated and that rendered the Original PAT Target to be unreliable and likely not achievable. Given such circumstance, the independent accounting firm adopted an alternative approach of valuation by annualising the actual PAT achieved for the first 7 months of FYE 31 October 2018 to arrive at approximately RM43.1 million as the revised PAT target for FYE 31 October 2018 ("**Revised PAT Target**"). The overstatement of consideration for the Aspion Acquisition of RM640.5 million is the approximate difference between the Original PAT Target and the Revised PAT Target multiplied by the price to earnings multiple of 16.93 times.

Accordingly, our Group has commenced legal proceedings against: (i) Low Chin Guan, Wong Chin Toh and ACPL to seek for a claim of not less than RM714,862,759 arising from a conspiracy to defraud our Company and Top Care, and fraudulent misrepresentations made by Low Chin Guan and Wong Chin Toh which resulted in our Group acquiring Aspion for a fixed amount of RM1.37 billion; and (ii) Adventa Capital to seek for a claim for the sum of RM714,862,759 as damages. Further details on these legal proceedings are set out in Section 3 of Appendix II of this Circular.

Nonetheless, we do not anticipate these legal proceedings to have any impact on Aspion's business operations and our Group believes that we will continue to benefit and reap synergies from the Aspion Acquisition. Accordingly, our Company and Top Care have elected to affirm the share purchase agreement dated 12 January 2018, which was entered into by our Company, Top Care and Adventa Capital in relation to the Aspion Acquisition.

5. USE OF PROCEEDS

The exact amount of proceeds to be raised from the Proposed Bonds Issue cannot be determined at this juncture as the amount would depend on the actual issue size and the Fixed Exchange Rate.

For illustrative purposes only, based on the maximum issue size of USD300 million and the exchange rate of RM4.1049:USD1.00 (based on Bloomberg “BFIX” Spot Mid Price as at 12.00 p.m. Malaysian time on the LPD), the Proposed Bonds Issue is expected to raise gross proceeds of approximately RM1,231.5 million, to be used in the following manner:

<u>Purpose</u>	<u>Estimated timeframe for utilisation</u>	<u>Amount RM million</u>
Repayment of bank borrowings ⁽¹⁾		
- Repayment of syndicated loans used to fund the Aspion Acquisition ⁽²⁾	Within 12 months	Up to 821.0
- Repayment of other borrowings used to fund our Group’s working capital	Within 12 months	Up to 396.5
		Up to 1,217.5
Estimated expenses for the Proposals ⁽³⁾	Within 1 month	14.0
Total gross proceeds		Up to 1,231.5

Notes:

(1) *As at the LPD, the total bank borrowings of our Group are about RM2,154.4 million, of which RM1,233.0 million were used to fund our Group’s Aspion Acquisition and the remainder were used to fund our Group’s working capital and capital expenditure. We intend to repay our Group’s existing bank borrowings of up to RM1,217.5 million which were used to part fund our Group’s investments including the Aspion Acquisition and our Group’s working capital. Our Group will then be able to utilise these facilities again for future investments and working capital.*

The exact amount of interest savings cannot be determined at this juncture as the amount would depend on among others, the final terms of the Bonds. For illustrative purpose only, based on among others, the interest rates of our Group’s existing bank borrowings (that are on floating rate basis) which range from 2.5% to 3.2% per annum and an illustrative yield of the Bonds of 1.0% per annum, the repayment of bank borrowings is expected to result in an average interest savings of about RM25.0 million per annum.

(2) *If the estimated sum allocated for repayment of syndicated loans used to fund the Aspion Acquisition is not utilised in full, the balance of such allocation will be used to repay other borrowings used to fund our Group’s working capital.*

(3) *Comprising professional fees, fees payable to relevant authorities, printing and despatch costs, and other incidental expenses relating to the Proposals. Any surplus under the estimated expenses of the Proposals will be adjusted accordingly against the allocation for repayment of bank borrowings.*

No proceeds will be raised upon the exchange of the Bonds into new Top Glove Shares as the exchange mode will be the surrender of such number of Bonds by the Bondholders based on the Exchange Ratio.

Pending use of the proceeds from the Proposed Bonds Issue for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used to finance the future working capital requirement of our Group.

6. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on our issued share capital and our substantial shareholders' shareholdings as well as the NA, NA per Top Glove Share, gearing and EPS of our Group.

For illustrative purposes only, the pro forma effects of the Proposed Bonus Issue and Proposed Bonds Issue have taken into consideration the following:

- (i) as at the LPD, our Company has the following securities:
 - (a) 1,280,229,124 Top Glove Shares (including 2,070,700 treasury shares) in issue; and
 - (b) 3,166,500 ESOS Options but the ESOS Committee has suspended the exercise of all ESOS Options with effect from 3 September 2018 until the completion of the Proposed Bonus Issue;
- (ii) An illustrative Bonds issue size of USD300 million in principal amount, exchanged to RM1,231.5 million (based on the exchange rate of RM4.1049:USD1.00, being the Bloomberg "BFIX" Spot Mid Price as at 12.00 p.m. Malaysian time on the LPD); and
- (iii) the following illustrative Exchange Prices:

<u>Illustrations</u>	<u>Exchange Price</u> <u>(RM)</u>	<u>Exchange Premium</u>	<u>Number of shares</u> <u>million</u>
Maximum premium within the range of the Exchange Premium	7.18	40% premium over the illustrative TEBP of RM5.13 per Top Glove Share after the Proposed Bonus Issue	171.5
A premium falling within the range of Exchange Premium	6.67	30% premium over the illustrative TEBP of RM5.13 per Top Glove Share after the Proposed Bonus Issue	184.6
Minimum premium within the range of the Exchange Premium	5.64	10% premium over the illustrative TEBP of RM5.13 per Top Glove Share after the Proposed Bonus Issue	218.3

The effects of the Proposed Bonus Issue and Proposed Bonds Issue are shown based on the following scenarios:

(i) Minimum Scenario

Assuming all the 2,070,700 existing treasury shares are retained by our Company prior to the implementation of the Proposed Bonus Issue and Proposed Bonds Issue

(ii) Maximum Scenario

Assuming all the 2,070,700 treasury shares are resold prior to the implementation of the Proposed Bonus Issue and Proposed Bonds Issue

6.1 Issued share capital

The pro forma effects of the Proposed Bonus Issue and Proposed Bonds Issue on our Company's issued share capital are as follows:

	Minimum and Maximum Scenario	
	No. of Top Glove Shares million	RM million
As at the LPD (including treasury shares)	1,280.2	787.7
Arising from the Proposed Bonus Issue	1,280.2	-
	2,560.4	787.7
Arising from the Proposed Bonds Issue	-	-
	2,560.4	787.7
<u>Based on 40% Exchange Premium</u>		
Arising from the full exchange of Bonds into new Top Glove Shares	171.5	1,217.5
Enlarged issued share capital	2,731.9	2,005.2
<u>Based on 30% Exchange Premium</u>		
Arising from the full exchange of Bonds into new Top Glove Shares	184.6	1,217.5
Enlarged issued share capital	2,745.0	2,005.2
<u>Based on 10% Exchange Premium</u>		
Arising from the full exchange of Bonds into new Top Glove Shares	218.3	1,217.5
Enlarged issued share capital	2,778.7	2,005.2

6.2 NA, NA per share and gearing

The pro forma effects of the Proposed Bonus Issue and the Proposed Bonds Issue on the NA, NA per Share and gearing of our Group are as follows:

6.2.1 Minimum Scenario

	RM million			
	(I)	(II)	(III)	(IV)
	Audited as at 31 August 2017	After adjustment for completed events ⁽¹⁾	After (I) and Proposed Bonus Issue	After (II) and Proposed Bonds Issue ⁽²⁾
Share capital	636.6	787.7	787.7	787.7
Other reserves	62.5	61.8	61.8	148.0
Retained earnings	1,313.9	1,306.4	1,306.4	1,306.4
Treasury shares	(9.7)	(9.3)	(9.3)	(9.3)
Shareholders' funds/NA	2,003.3	2,146.6	2,146.6	2,232.8
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
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			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
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			2,005.2	2,005.2
			61.8	61.8
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			2,005.2	2,005.2
			61.8	61.8
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			(9.3)	(9.3)
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			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
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			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
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			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
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			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	3,364.1
			2,005.2	2,005.2
			61.8	61.8
			1,306.4	1,306.4
			(9.3)	(9.3)
			3,364.1	

Notes:

- (1) Completed events after 31 August 2017 comprises of:
- (a) the exercise of 3,425,360 ESOS Options between 1 September 2017 and the LPD; and
 - (b) the grant of 3,171,200 new ESOS Options and the transfer of 93,700 treasury shares to employees;
 - (c) the Aspion Acquisition. The purchase consideration was satisfied by:
 - (i) RM1,233.0 million in cash, which was funded via conventional term loan and Islamic term financing; and
 - (ii) the issuance of 20,505,000 new Top Glove Shares at an issue price of about RM6.6813 per Top Glove Share.
- Total borrowings include Aspion's borrowings amounting to RM280.6 million.
- For information purposes, the following acquisitions by our Group are not included as they are not deemed material for the pro forma illustration:
- (a) the entire equity interest in Eastern Press Sdn Bhd for a cash purchase consideration of RM46.3 million, which was completed on 5 January 2018; and
 - (b) the 85% equity interest in Duramedical Sdn Bhd for a cash purchase consideration of RM2.8 million, which was completed on 7 May 2018.
- (2) After taking into account the estimated expenses of about RM14.0 million, a total of RM13.0 million of the expenses will be capitalised as transaction cost of the liability component of the Bonds and the remaining expenses of RM1.0 million will be capitalised as transaction cost of the equity component of the Bonds.
- (3) Calculated as total borrowings divided by shareholders' funds/NA attributable to owners of Top Glove.
- (4) Calculated as total borrowings less total cash and bank balances divided by shareholders' funds/NA attributable to owners of Top Glove.
- (5) The decrease in total borrowings assumes the full exchange of Bonds into new Top Glove Shares.

Notes:

- (1) Completed events after 31 August 2017 comprises of:
- (a) the exercise of 3,425,360 ESOS Options between 1 September 2017 and the LPD; and
 - (b) the grant of 3,171,200 new ESOS Options and the transfer of 93,700 treasury shares to employees;
 - (c) the Aspion Acquisition. The purchase consideration was satisfied by:
 - (i) RM1,233.0 million in cash, which was funded via conventional term loan and Islamic term financing; and
 - (ii) the issuance of 20,505,000 new Top Glove Shares at an issue price of about RM6.6813 per Top Glove Share.
- Total borrowings include Aspion's borrowings amounting to RM280.6 million.
- For information purposes, the following acquisitions by our Group are not included as they are not deemed material for the pro forma illustration:
- (a) the entire equity interest in Eastern Press Sdn Bhd for a cash purchase consideration of RM46.3 million, which was completed on 5 January 2018; and
 - (b) the 85% equity interest in Duramedical Sdn Bhd for a cash purchase consideration of RM2.8 million, which was completed on 7 May 2018.
- (2) Assuming treasury shares were resold at RM10.78 per treasury share, being the closing price of Top Glove Share as at the LPD.
- (3) After taking into account the estimated expenses of about RM14.0 million, a total of RM13.0 million of the expenses will be capitalised as transaction cost of the liability component of the Bonds and the remaining expenses of RM1.0 million will be capitalised as transaction cost of the equity component of the Bonds.
- (4) Calculated as total borrowings divided by shareholders' fund/NA attributable to owners of Top Glove.
- (5) Calculated as total borrowings less total cash and bank balances divided by shareholders' fund/NA attributable to owners of Top Glove.
- (6) The decrease in total borrowings assumes the full exchange of Bonds into new Top Glove Shares.

6.3 Substantial shareholdings structure

The pro forma effects of the Proposed Bonus Issue and Proposed Bonds Issue on the shareholdings of the substantial shareholders of our Company are as follows:

6.3.1 Minimum Scenario

Name	As at the LPD				After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%
Tan Sri Dr Lim Wee Chai	369.9	28.94	⁽²⁾ 87.2	6.82	739.8	28.94	⁽²⁾ 174.4	6.82
Puan Sri Tong Siew Bee	3.6	0.28	⁽³⁾ 453.5	35.48	7.2	0.28	⁽³⁾ 907.0	35.48
Lim Hooi Sin	19.3	1.51	⁽⁴⁾ 437.8	34.26	38.6	1.51	⁽⁴⁾ 875.7	34.26
Lim Jin Feng	⁽¹⁾	⁽¹⁾	⁽⁴⁾ 437.8	34.26	⁽¹⁾	⁽¹⁾	⁽⁴⁾ 875.7	34.26
Employees Provident Fund Board ("EPF")	87.2	6.82	-	-	174.4	6.82	-	-
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	62.8	4.92	⁽⁵⁾ 5.6	0.44	125.7	4.92	⁽⁵⁾ 11.3	0.44
Firstway United Corp	64.3	5.03	-	-	128.6	5.03	-	-

**Assuming full exchange of the
Bonds into new Top Glove Shares**

Name	After the Proposed Bonds Issue				Assuming full exchange of the Bonds into new Top Glove Shares			
	Direct		Indirect		Direct		Indirect	
	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%
Tan Sri Dr Lim Wee Chai	739.8	28.94	(2)174.4	6.82	739.8	27.12	(2)174.4	6.36
Puan Sri Tong Siew Bee	7.2	0.28	(3)907.0	35.48	7.2	0.27	(3)907.0	33.25
Lim Hooi Sin	38.6	1.51	(4)875.7	34.26	38.6	1.41	(4)875.7	32.10
Lim Jin Feng	(1)	(1)	(4)875.7	34.26	(1)	(1)	(4)875.7	32.10
EPF	174.4	6.82	-	-	174.4	6.39	-	-
KWAP	125.7	4.92	(5)11.3	0.43	125.7	4.61	(5)11.3	0.41
Firstway United Corp	128.6	5.03	-	-	128.6	4.71	-	-

**Assuming full exchange of the
Bonds into new Top Glove Shares**

Name	Assuming full exchange of the Bonds into new Top Glove Shares				Assuming full exchange of the Bonds into new Top Glove Shares			
	Direct		Indirect		Direct		Indirect	
	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%
Tan Sri Dr Lim Wee Chai	739.8	26.99	(2)174.4	6.36	739.8	26.66	(2)174.4	6.29
Puan Sri Tong Siew Bee	7.2	0.26	(3)907.0	33.09	7.2	0.26	(3)907.0	32.69
Lim Hooi Sin	38.6	1.41	(4)875.7	31.95	38.6	1.39	(4)875.7	31.56
Lim Jin Feng	(1)	(1)	(4)875.7	31.95	(1)	(1)	(4)875.7	31.56
EPF	174.4	6.36	-	-	174.4	6.29	-	-
KWAP	125.7	4.59	(5)11.3	0.41	125.7	4.53	(5)11.3	0.41
Firstway United Corp	128.6	4.69	-	-	128.6	4.64	-	-

Notes:

- (1) Represents less than 0.1 million Top Glove Shares. The percentage shareholding is negligible.
- (2) Deemed interested through the direct interests of Puan Sri Tong Siew Bee, Mr Lim Hooi Sin, Mr Lim Jin Feng and Firstway United Corp in our Company.
- (3) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Mr Lim Hooi Sin, Mr 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) Deemed interested through the direct interest of KWAP's Fund Managers in our Company.

6.3.2 Maximum Scenario

Name	As at the LPD				After resale of treasury shares			
	Direct		Indirect		Direct		Indirect	
	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%
Tan Sri Dr Lim Wee Chai	369.9	28.94	(2)87.2	6.82	369.9	28.89	(2)87.2	6.81
Puan Sri Tong Siew Bee	3.6	0.28	(3)453.5	35.48	3.6	0.28	(3)453.5	35.43
Lim Hooi Sin	19.3	1.51	(4)437.8	34.26	19.3	1.51	(4)437.8	34.20
Lim Jin Feng	(1)	(1)	(4)437.8	34.26	(1)	(1)	(4)437.8	34.20
EPF	87.2	6.82	-	-	87.2	6.81	-	-
KWAP	62.8	4.92	(5)5.6	0.44	62.8	4.91	(5)5.6	0.44
Firstway United Corp	64.3	5.03	-	-	64.3	5.02	-	-
Name	After the Proposed Bonus Issue				After the Proposed Bonds Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%
Tan Sri Dr Lim Wee Chai	739.8	28.89	(2)174.4	6.81	739.8	28.89	(2)174.4	6.81
Puan Sri Tong Siew Bee	7.2	0.28	(3)907.0	35.43	7.2	0.28	(3)907.0	35.43
Lim Hooi Sin	38.6	1.51	(4)875.7	34.20	38.6	1.51	(4)875.7	34.20
Lim Jin Feng	(1)	(1)	(4)875.7	34.20	(1)	(1)	(4)875.7	34.20
EPF	174.4	6.81	-	-	174.4	6.81	-	-
KWAP	125.7	4.91	(5)11.3	0.44	125.7	4.91	(5)11.3	0.44
Firstway United Corp	128.6	5.02	-	-	128.6	5.02	-	-

Name	Assuming full exchange of the Bonds into new Top Glove Shares			Assuming full exchange of the Bonds into new Top Glove Shares			
	Based on 40% Exchange Premium			Based on 30% Exchange Premium			
	Direct		Direct	Direct		Direct	
No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	%	No. of Top Glove Shares million	
Tan Sri Dr Lim Wee Chai	739.8	27.08	(2)174.4	6.39	739.8	26.95	(2)174.4
Puan Sri Tong Siew Bee	7.2	0.26	(3)907.0	33.20	7.2	0.26	(3)907.0
Lim Hooi Sin	38.6	1.41	(4)875.7	32.05	38.6	1.40	(4)875.7
Lim Jin Feng	(1)	(1)	(4)875.7	32.05	(1)	(1)	(4)875.7
EPF	174.4	6.38	-	-	174.4	6.35	-
KWAP	125.7	4.60	(5)11.3	0.41	125.7	4.58	(5)11.3
Firstway United Corp	128.6	4.71	-	-	128.6	4.69	-

Assuming full exchange of the Bonds into new Top Glove Shares

Name	Based on 10% Exchange Premium			Based on 10% Exchange Premium		
	Direct			Indirect		
	No. of Top Glove Shares million	%	No. of Top Glove Shares million	No. of Top Glove Shares million	%	No. of Top Glove Shares million
Tan Sri Dr Lim Wee Chai	739.8	26.63	(2)174.4	6.28	(2)174.4	6.28
Puan Sri Tong Siew Bee	7.2	0.26	(3)907.0	32.64	(3)907.0	32.64
Lim Hooi Sin	38.6	1.39	(4)875.7	31.51	(4)875.7	31.51
Lim Jin Feng	(1)	(1)	(4)875.7	31.51	(4)875.7	31.51
EPF	174.4	6.28	-	-	-	-
KWAP	125.7	4.52	(5)11.3	0.40	(5)11.3	0.40
Firstway United Corp	128.6	4.63	-	-	-	-

Notes:

- (1) Represents less than 0.1 million Top Glove Shares. The percentage shareholding is negligible.
- (2) Deemed interested through the direct interests of Puan Sri Tong Siew Bee, Mr Lim Hooi Sin, Mr Lim Jin Feng and Firstway United Corp in our Company.
- (3) Deemed interested through the direct interests of Tan Sri Dr Lim Wee Chai, Mr Lim Hooi Sin, Mr 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) Deemed interested through the direct interest of KWAP's Fund Managers in our Company.

6.4 Earnings and EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of our Group for the FYE 31 August 2019. However, our Group's EPS will be proportionately diluted as a result of the increase in the number of Top Glove Shares issued pursuant to the Proposed Bonus Issue.

The effects of the Proposed Bonds Issue on the future earnings and EPS of our Group would depend on, among others, the issue size of the Bonds, the coupon rate, yield and the actual number of the Top Glove Shares to be issued upon exchange of the Bonds.

The Proposed Bonds Issue is expected to contribute positively to the future earnings of our Group as repayment of our Group's existing borrowings is expected to reduce the interest expenses of our Group. However, our Group's EPS may be diluted as a result of the increase in the number of new Top Glove Shares in issue arising from the exchange of the Bonds over time.

6.5 Convertible Securities

As at the LPD, save for the outstanding ESOS Options, we do not have any other convertible securities.

The Proposed Bonus Issue will give rise to adjustments to the exercise price and/or the number of ESOS Options as at the Entitlement Date in accordance with the by-laws governing the ESOS Options.

7. HISTORICAL SHARE PRICES

The monthly high and low market prices of Top Glove Shares traded on the Main Market of Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	<u>High</u>	<u>Low</u>
	<u>RM</u>	
2017		
September	5.71	5.33
October	6.80	5.45
November	7.05	6.37
December	8.19	6.35
2018		
January	10.00	7.85
February	10.24	8.57
March	10.02	9.25
April	10.44	8.90
May	10.78	9.43
June	12.14	10.26
July	12.48	8.47
August	11.26	9.96

The last transacted market price of Top Glove Shares on 19 April 2018, being the last trading day prior to the announcement of the Proposals

Last transacted price of Top Glove Shares as at the LPD

(Source: Bloomberg)

8. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

(i) Bursa Securities, for the listing and quotation of the following shares on the Main Market of Bursa Securities, which was obtained via its letter dated 5 September 2018:

- (a) up to 1,280,267,624 Bonus Shares; and
- (b) up to 221,873,685 new Top Glove Shares which may be issued arising from the exchange of the Bonds,

subject to the following conditions:

- (1) our Company and our adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue and Proposed Bonds Issue;
 - (2) our Company and our adviser are to inform Bursa Securities upon the completion of the Proposed Bonus Issue and Proposed Bonds Issue;
 - (3) our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions set out in Bursa Securities' approval letter dated 5 September 2018 once the Proposed Bonus Issue and Proposed Bonds Issue are completed;
 - (4) our Company is to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at extraordinary general meeting for the Proposed Bonus Issue and Proposed Bonds Issue;
 - (5) in respect of the Proposed Bonus Issue, our Company and our adviser are required to make the relevant announcements pursuant to Paragraph 6.35(2)(a) and (b) and 6.35(4) of the Listing Requirements; and
 - (6) payment of additional listing fees pertaining to the exchange of Bonds into new shares, if relevant. In this respect, Top Glove is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exchange of Bonds as at the end of each quarter together with computation of the listing fees payable.
- (ii) BNM, for the issuance of the Bonds by the Issuer, the provision of guarantee by our Company in relation to the Proposed Bonds Issue and the on-lending of the proceeds raised through the Proposed Bonds Issue to onshore Malaysia by the Issuer to our Company for purposes of repayment of our Company and our related corporations' existing foreign currency borrowings obtained from local licensed financial institutions, which was obtained via its letters dated 4 June 2018 and 19 July 2018 subject to the following conditions:
- (a) our Company is to provide BNM the following:
 - (1) the final terms of the issuance of the Bonds after it is finalised; and
 - (2) report on the use of proceeds, which includes information on the repayment of existing bank borrowings and list of our Group's outstanding bank borrowings after the repayment of the bank borrowings;

- (b) our Company is to ensure that any repayment or redemption of the Bonds is funded by foreign currency funds from receipt of export revenue of our Group and other foreign currency funds including foreign currency borrowings from local licensed financial institutions. Our Company is to also ensure that any repayment or redemption of the Bonds, would not involve any onshore conversion of ringgit (other than ringgit conversion to foreign currency from the receipt of export proceeds for purposes of legitimate commitments or anticipated commitments for the next 6 months);
 - (c) our Company must obtain BNM's prior approval for the following:
 - (1) any changes to the information of the Bonds as well as the use of proceeds, as set out in the BNM's approval letter; or
 - (2) if the Bonds are issued after March 2019; and
 - (d) our Company is to inform BNM the date of issuance of the Bonds no later than one month prior to issuance.
- (iii) our shareholders at our forthcoming EGM for the Proposals; and
 - (iv) any other relevant authorities, if required.

Applications may be made to Bursa Securities and SGX-ST for the listing of the Bonds.

The Proposed Bonus Issue and the Proposed Amendments are inter-conditional. The Proposed Bonds Issue and the Proposed Bonus Issue are not conditional to one another. The Proposed Bonds Issue and the Proposed Amendments are not conditional to one another.

9. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

9.1 Proposed Bonus Issue

None of the Directors and major shareholders of our Company and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Bonus Issue other than, their respective entitlements as shareholders of our Company.

9.2 Proposed Bonds Issue

None of the Directors and major shareholders of our Company and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Bonds Issue.

9.3 Proposed Amendments

None of the Directors and major shareholders of our Company and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Amendments.

10. ESTIMATED TIME FRAME FOR COMPLETION

Subject to all the required approvals being obtained and market conditions, we expect the Proposals to be completed by the 1st quarter of 2019. The tentative timetable for the implementation of the Proposals is as follows:

Events	Tentative timeline
EGM	10 October 2018
Announcement of the Entitlement Date for the Proposed Bonus Issue	Mid October 2018
Entitlement Date for the Proposed Bonus Issue	End October 2018
Completion of the Proposed Bonus Issue	End October 2018
Completion of the Proposed Bonds Issue	By the 1 st quarter of 2019

11. OTHER CORPORATE PROPOSALS

As at the date of this Circular, we do not have any outstanding corporate proposals that have been announced but pending completion save for the Proposals.

The Proposals are not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by us.

12. DIRECTORS' RECOMMENDATION

After having considered all aspects of the Proposals, including the rationale for the Proposals as set out in Section 3 of this Circular, our Board is of the opinion that the Proposals are in our best interest.

Accordingly, our Board recommends that you vote in favour of the resolutions in relation to the Proposals to be tabled at our forthcoming EGM.

13. EGM

We will hold an EGM, the notice of which is enclosed in this Circular 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 Wednesday, 10 October 2018 at 10:30 a.m. or immediately upon the conclusion of the other EGM of Top Glove to be held at the same venue at 10:00 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 modifications, the resolutions set out in the Notice of EGM.

If you are unable to attend and vote in person at the EGM and wish to appoint a person to attend and vote in your stead, please complete and return the enclosed Form of Proxy for the EGM to 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 later than 48 hours before the time set for the EGM or at any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The completion and the return of the Form(s) of Proxy will not preclude you from attending and voting in person should you subsequently wish to do so.

14. FURTHER INFORMATION

We request that you refer to the attached 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

OUR PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER



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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Prepared for inclusion in the Circular to Shareholders to be dated 18 September 2018)

7 September 2018

The Board of Directors
 Top Glove Corporation Berhad
 Level 21 Top Glove Tower
 16 Persiaran Setia Dagang
 Setia Alam Seksyen U13
 40170 Shah Alam

Dear Sirs

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2017 FOR:

1. THE PROPOSED BONUS ISSUE BY TOP GLOVE CORPORATION BERHAD ON THE BASIS OF ONE BONUS SHARE FOR EVERY ONE EXISTING ORDINARY SHARE OF TOP GLOVE CORPORATION BERHAD ("PROPOSED BONUS ISSUE"); AND
2. THE PROPOSED OFFERING OF TOP GLOVE LABUAN LTD'S EXCHANGEABLE BONDS OF UP TO US\$300 MILLION, WHICH ARE GUARANTEED BY TOP GLOVE CORPORATION BERHAD ("PROPOSED BONDS ISSUE")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statement of financial position of Top Glove Corporation Berhad (the "Company" or "Top Glove") prepared by the Directors of the Company. The pro forma consolidated statements of financial position as at 31 August 2017 and the related notes are as set out in the circular to shareholders of the Company in relation to the Proposed Bonus Issue and the Proposed Bonds Issue ("Circular").

The pro forma consolidated statements of financial position for inclusion in the Circular has been compiled by the Directors to illustrate the impact of the Proposed Bonus Issue and the Proposed Bonds Issue on Top Glove's financial position as at 31 August 2017 as if the Proposed Bonus Issue and the Proposed Bonds Issue had taken place at 31 August 2017. As part of this process, information about the financial position has been extracted by the Directors from the financial statements of Top Glove for the financial year ended 31 August 2017, on which audit reports have been published.



The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis described in Appendix II to this report.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, *ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated financial information on the basis of the applicable criteria.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in a circular is solely to illustrate the impact of the Proposed Bonds on the unadjusted statement of financial position of the entity as if the Proposed Bonus Issue and the Proposed Bonds Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Bonus Issue and the Proposed Bonds Issue would have been as presented.



Our Responsibilities (Contd.)

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Bonus Issue and the Proposed Bonds Issue, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the Proposed Bonus Issue and the Proposed Bonds Issue in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis described in Appendix II to this report.



EY

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Other matters

This report has been prepared for inclusion in the Circular to shareholders of Top Glove in connection with the Proposed Bonus Issue and the Proposed Bonds Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposed Bonus Issue and the Proposed Bonds Issue described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Bonus Issue and the Proposed Bonds Issue.

Yours faithfully

Ernst & Young
AF: 0039
Chartered Accountants

Ng Kim Ling
No. 03236/04/2020 J
Chartered Accountant

Top Glove Corporation Berhad
Pro Forma Consolidated Statements of Financial Position
As at 31 August 2017

Minimum Scenario

	Audited as at 31 August 2017 RM '000	Pro forma adjustment 1 RM '000	Pro forma 1 Exercise of ESOS RM '000	Pro forma adjustment 2 RM '000	Pro forma 2 Acquisition of Asipion Sdn Bhd RM '000	Pro forma adjustment 3 RM '000	Pro forma 3 Proposed bonus issue RM '000	Pro forma adjustment 4 RM '000	Pro forma 4 Proposed issuance of exchangeable bonds RM '000
Non-current assets									
Property, plant and equipment	1,523,406	-	1,523,406	356,076	1,879,482	-	1,879,482	-	1,879,482
Land use rights	40,457	-	40,457	-	40,457	-	40,457	-	40,457
Investment properties	83,156	-	83,156	-	83,156	-	83,156	-	83,156
Deferred tax assets	14,681	-	14,681	1,695	16,376	-	16,376	-	16,376
Investment securities	392	-	392	-	392	-	392	-	392
Development costs	-	-	-	8,645	8,645	-	8,645	-	8,645
Intangible assets	22,805	-	22,805	1,148,384	1,171,189	-	1,171,189	-	1,171,189
	<u>1,684,897</u>		<u>1,684,897</u>		<u>3,199,697</u>		<u>3,199,697</u>		<u>3,199,697</u>
Current assets									
Inventories	315,775	-	315,775	134,719	450,494	-	450,494	-	450,494
Trade and other receivables	419,349	-	419,349	107,889	527,238	-	527,238	-	527,238
Other current assets	51,258	-	51,258	4,527	55,785	-	55,785	-	55,785
Tax recoverable	17,351	-	17,351	1,098	18,449	-	18,449	-	18,449
Investment securities	206,910	-	206,910	-	206,910	-	206,910	-	206,910
Derivative financial instruments	645	-	645	-	645	-	645	-	645
Cash and bank balances	240,068	11,972	252,040	10,963	263,003	-	263,003	-	263,003
	<u>1,251,356</u>		<u>1,263,328</u>		<u>1,522,524</u>		<u>1,522,524</u>		<u>1,522,524</u>
Total assets	<u>2,936,253</u>		<u>2,948,225</u>		<u>4,722,221</u>		<u>4,722,221</u>		<u>4,722,221</u>
Equity and liabilities									
Current liabilities									
Loans and borrowings	314,644	-	314,644	125,644	440,288	-	440,288	-	440,288
Trade and other payables	418,802	-	418,802	89,670	508,472	-	508,472	-	508,472
Other current liabilities	62,292	-	62,292	-	62,292	-	62,292	-	62,292
Income tax payable	-	-	-	1,951	1,951	-	1,951	-	1,951
Derivative financial instruments	-	-	-	308	308	-	308	-	308
	<u>795,738</u>		<u>795,738</u>		<u>1,013,311</u>		<u>1,013,311</u>		<u>1,013,311</u>
Net current assets	<u>455,618</u>		<u>467,590</u>		<u>509,213</u>		<u>509,213</u>		<u>509,213</u>
Non-current liabilities									
Loans and borrowings	61,750	-	61,750	1,387,927	1,449,677	-	1,449,677	(86,094)	1,363,583
Trade and other payables	-	-	-	21,081	21,081	-	21,081	-	21,081
Deferred tax liabilities	66,284	-	66,284	16,015	82,299	-	82,299	-	82,299
	<u>128,034</u>		<u>128,034</u>		<u>1,553,057</u>		<u>1,553,057</u>		<u>1,466,963</u>
Total liabilities	<u>923,772</u>		<u>923,772</u>		<u>2,566,368</u>		<u>2,566,368</u>		<u>2,480,274</u>
Net assets	<u>2,012,481</u>		<u>2,024,453</u>		<u>2,155,853</u>		<u>2,155,853</u>		<u>2,241,947</u>

	2019	2018	2017	2016	2015	2014	2013
Equity attributable to owners of the parent							
Share capital	636,644	650,709	787,709	787,709	787,709	787,709	787,709
Treasury shares	(9,739)	(9,326)	(9,326)	(9,326)	(9,326)	(9,326)	(9,326)
Other reserves	62,499	61,863	61,863	61,863	61,863	61,863	147,957
Retained earnings	1,313,876	1,312,006	1,306,406	1,306,406	1,306,406	1,306,406	1,308,406
Non-controlling interests	2,003,280	2,015,252	2,146,652	2,146,652	2,146,652	2,232,746	2,232,746
	9,201	9,201	9,201	9,201	9,201	9,201	9,201
Total equity	2,012,481	2,024,453	2,155,853	2,155,853	2,155,853	2,241,947	2,241,947
Total equity and liabilities	2,936,253	2,948,225	4,722,221	4,722,221	4,722,221	4,722,221	4,722,221
	-	-	-	-	-	-	-
Number of shares in issue (excluding treasury shares) ('000)	1,254,135	1,257,654	1,278,159	1,278,159	1,278,159	2,556,318	2,556,318
Net assets per share (RM)	1.60	1.60	1.68	1.68	1.68	0.84	0.87
Total borrowings (RM '000)	376,394	376,394	1,889,965	1,889,965	1,889,965	1,889,965	1,803,871
Total cash and bank balances (RM '000)	240,068	252,040	263,003	263,003	263,003	263,003	263,003
Gearing (times)	0.19	0.19	0.88	0.88	0.88	0.88	0.81
Net gearing (times)	0.07	0.06	0.76	0.76	0.76	0.76	0.69

Top Glove Corporation Berhad
Pro Forma Consolidated Statements of Financial Position
As at 31 August 2017

Maximum Scenario

	Audited as at 31 August 2017 RM '000	Pro forma adjustment 1 RM '000	Pro forma 1 Exercise of ESOS RM '000	Pro forma 2 adjustment 2 RM '000	Pro forma 2 Acquisition of Aspiion Sdn Bhd RM '000	Pro forma 3 adjustment 3 RM '000	Pro forma 3 Sale of treasury shares RM '000	Pro forma 4 Proposed bonus issue RM '000	Pro forma 4 adjustment 4 RM '000	Pro forma 5 Proposed issuance of exchangeable bonds RM '000
Non-current assets										
Property, plant and equipment	1,523,406	-	1,523,406	358,076	1,879,482	-	1,879,482	-	-	1,879,482
Land use rights	40,457	-	40,457	-	40,457	-	40,457	-	-	40,457
Investment properties	83,156	-	83,156	-	83,156	-	83,156	-	-	83,156
Deferred tax assets	14,681	-	14,681	1,695	16,376	-	16,376	-	-	16,376
Investment securities	392	-	392	-	392	-	392	-	-	392
Development costs	-	-	-	8,645	8,645	-	8,645	-	-	8,645
Intangible assets	22,805	-	22,805	1,148,384	1,171,189	-	1,171,189	-	-	1,171,189
	<u>1,684,897</u>		<u>1,684,897</u>		<u>3,199,697</u>		<u>3,199,697</u>			<u>3,199,697</u>
Current assets										
Inventories	315,775	-	315,775	134,719	450,494	-	450,494	-	-	450,494
Trade and other receivables	419,349	-	419,349	107,889	527,238	-	527,238	-	-	527,238
Other current assets	51,258	-	51,258	4,527	55,785	-	55,785	-	-	55,785
Tax recoverable	17,351	-	17,351	1,098	18,449	-	18,449	-	-	18,449
Investment securities	206,910	-	206,910	-	206,910	-	206,910	-	-	206,910
Derivative financial instruments	645	-	645	-	645	-	645	-	-	645
Cash and bank balances	240,068	11,972	252,040	10,963	263,003	22,322	285,325	285,325	-	285,325
	<u>1,251,356</u>		<u>1,263,328</u>		<u>1,522,524</u>		<u>1,544,846</u>			<u>1,544,846</u>
Total assets	<u>2,936,253</u>		<u>2,948,225</u>		<u>4,722,221</u>		<u>4,744,543</u>			<u>4,744,543</u>
Equity and liabilities										
Current liabilities										
Loans and borrowings	314,644	-	314,644	125,844	440,288	-	440,288	-	-	440,288
Trade and other payables	418,802	-	418,802	89,670	508,472	-	508,472	-	-	508,472
Other current liabilities	62,292	-	62,292	-	62,292	-	62,292	-	-	62,292
Income tax payable	-	-	-	1,951	1,951	-	1,951	-	-	1,951
Derivative financial instruments	-	-	-	308	308	-	308	-	-	308
	<u>795,738</u>		<u>795,738</u>		<u>1,013,311</u>		<u>1,013,311</u>			<u>1,013,311</u>
Net current assets	<u>455,618</u>		<u>467,590</u>		<u>509,213</u>		<u>531,535</u>			<u>531,535</u>
Non-current liabilities										
Loans and borrowings	61,750	-	61,750	1,387,927	1,449,677	-	1,449,677	-	(86,094)	1,363,583
Trade and other payables	-	-	-	21,081	21,081	-	21,081	-	-	21,081
Deferred tax liabilities	66,284	-	66,284	16,015	82,299	-	82,299	-	-	82,299
	<u>128,034</u>		<u>128,034</u>		<u>1,553,057</u>		<u>1,553,057</u>			<u>1,466,963</u>
Total liabilities	<u>923,772</u>		<u>923,772</u>		<u>2,566,368</u>		<u>2,566,368</u>			<u>2,480,274</u>
Net assets	<u>2,012,481</u>		<u>2,024,453</u>		<u>2,155,853</u>		<u>2,178,175</u>			<u>2,264,269</u>

APPENDIX II

Top Glove Corporation Berhad (“Top Glove” or the “Company”) Notes to the Pro Forma Consolidated Statements of Financial Position As at 31 August 2017

Basis of Preparation

The Pro forma Consolidated Statements of Financial Position, for which the Directors are solely responsible, have been prepared for illustrative purposes only, to illustrate the impacts on Top Glove’s financial position as at 31 August 2017 as if the following transactions had taken place on 31 August 2017:

- The proposed bonus issue by Top Glove on the basis of one bonus share for every one existing ordinary shares of Top Glove (“Proposed Bonus Issue”); and
- The proposed offering of guaranteed exchangeable bonds of up to US\$300 million (“Proposed Bonds Issue”).

The Pro Forma Consolidated Statements of Financial Position have been prepared in a manner consistent with both the format of the consolidated statement of financial position and accounting policies using the audited financial statements of Top Glove for the financial year ended 31 August 2017.

The financial statements of Top Glove for the financial year ended 31 August 2017 were prepared in accordance with Malaysian Financial Reporting Standards in Malaysia.

In illustrating the effects of the acquisition of Aspion Sdn Bhd (“Aspion”) on the financial position of Top Glove as at 31 August 2017, the Directors of Top Glove have compiled the financial information using the audited financial statements of Aspion for the financial year ended 31 October 2016. The audited financial statements of Aspion have been prepared in accordance with Malaysian Financial Reporting Standards in Malaysia.

On 6 July 2018, Top Glove announced that the Company and its wholly-owned subsidiary, Top Care Sdn Bhd have taken legal proceedings against Adventa Capital Pte Ltd, ACPL Sdn Bhd, Low Chin Guan and Wong Chin Toh to claim a sum of RM714.9 million. As the legal proceedings are on-going and any potential financial effects cannot be reliably ascertained at this stage, the Pro Forma Consolidated Statements of Financial Position do not reflect any potential adjustments that may arise from the legal proceedings.

The Pro Forma Consolidated Statements of Financial Position, because of their nature, may not be reflective of the actual financial position of Top Glove. Furthermore, such information does not purport to predict the future consolidated statements of financial position of Top Glove after the completion of the Proposed Bonus Issue and the Proposed Bonds Issue.

APPENDIX II

Top Glove Corporation Berhad (“Top Glove” or the “Company”) Notes to the Pro Forma Consolidated Statements of Financial Position As at 31 August 2017

Scenario 1 – No sale of existing treasury shares and no further exercise of outstanding Employees’ Share Option Scheme (“ESOS”) (“Minimum Scenario”)

Pro forma 1

Pro forma 1 incorporates the effects of the actual exercises of ESOS of Top Glove during the period from 1 September 2017 to 23 August 2018. The number of ESOS exercised was 3,425,360, at an average price of RM3.50. Total cash consideration raised was approximately RM11.97 million.

In addition, the exercise of ESOS resulted in the transfer of approximately RM2.09 million from the share option reserve account to the share capital account. Due to the expiry of certain ESOS, an amount of RM475,000 was transferred from the share option reserve account to the retained earnings account.

On 1 August 2018, the Company transferred 93,700 of its treasury shares to eligible employees of the Company as part of its Employee Share Grant Plan. The cost of these treasury shares was RM413,000 and there was no cash proceed from this transaction.

On 2 August 2018, the Company granted 3,171,200 new ESOS to eligible directors and employees of the Company and its subsidiaries, of which 4,700 ESOS have been exercised. The estimated cost of the new ESOS was RM1.93 million.

The effects of the above transactions on the equity of the Company can be summarised as follows:

	Share capital RM '000	Treasury shares RM '000	Other reserves RM '000	Retained earnings RM '000
Exercise of ESOS:				
For cash	11,972	-	-	-
Transfer from share option reserve account	2,093	-	(2,093)	-
Expiry of ESOS	-	-	(475)	475
Transfer of treasury shares	-	413	-	(413)
Grant of new ESOS	-	-	1,932	(1,932)
Total	14,065	413	(636)	(1,870)

APPENDIX II

Top Glove Corporation Berhad (“Top Glove” or the “Company”) Notes to the Pro Forma Consolidated Statements of Financial Position As at 31 August 2017

Scenario 1 – No sale of existing treasury shares and no further exercise of outstanding ESOS (“Minimum Scenario”) (contd)

Pro forma 2

Pro forma 2 incorporates Pro forma 1 and the effects of the acquisition of Aspion by Top Glove for a total consideration of RM1.370 billion, of which RM1.233 billion will be satisfied in cash and RM137 million will be satisfied via the issuance of 20,505,000 new ordinary shares in Top Glove. In addition, Top Glove agrees to make incentive payments to the vendor of Aspion, which will be based on the profit after tax to be derived from the sale of Finessis gloves for the financial years 31 October 2018 to 2020 (“Finessis Incentive”).

For illustration purposes, Pro forma 1 is illustrated assuming that the cash portion of the purchase consideration is entirely funded by bank borrowings.

In illustrating the effects of the acquisition of Aspion on the financial position of Top Glove as at 31 August 2017, the Directors of Top Glove have compiled the financial information using the audited financial statements of Aspion for the financial year ended 31 October 2016.

The exercise to allocate the cost of acquisition to the assets acquired and liabilities assumed will be performed at a later stage and hence the identification and measurement of all the various components of the acquisition of Aspion could be materially different from the amounts shown in the Pro Forma Consolidated Statements of Financial Position.

In addition, as the legal proceedings mentioned in the Basis of Preparation are on-going and any potential financial effects cannot be reliably ascertained at this stage, the Pro Forma Consolidated Statements of Financial Position do not reflect any potential adjustments that may arise from the legal proceedings.

APPENDIX II
**Top Glove Corporation Berhad (“Top Glove” or the “Company”)
Notes to the Pro Forma Consolidated Statements of Financial Position
As at 31 August 2017**
Scenario 1 – No sale of existing treasury shares and no further exercise of outstanding ESOS (“Minimum Scenario”) (contd.)
Pro forma 2 (contd.)

The Finessis Incentive has not been included in Pro forma 1 as it is currently being assessed by the Board of Directors and management. The eventual estimated amount of the Finessis Incentive will form part of the purchase consideration and it will be capitalised as part of the cost of investment in Aspion. It is not expected to have an immediate effect on net assets and gearing of Top Glove.

The fair values of the identifiable assets acquired and liabilities assumed in respect of the acquisition of Aspion and the resulting effects are assumed to be as follows:

	RM ‘000
Non-current assets	
Property, plant and equipment	356,076
Intangible assets	68,227
Development costs	8,645
Deferred tax assets	1,695
	<u>434,643</u>
Current assets	
Inventories	134,719
Trade and other receivables	107,889
Prepayments	4,527
Tax recoverable	1,098
Cash and bank balances	16,563
	<u>264,796</u>
Current liabilities	
Trade and other payables	89,670
Derivative liabilities	308
Income tax payable	1,951
Loans and borrowings	125,644
	<u>217,573</u>
Non-current liabilities	
Trade and other payables	21,081
Loans and borrowings	154,927
Deferred tax liabilities	16,015
	<u>192,023</u>
Provisional fair value of assets acquired and liabilities assumed	289,843
Less: Purchase consideration	<u>(1,370,000)</u>
Provisional goodwill on acquisition of Aspion	<u>1,080,157</u>

APPENDIX II

**Top Glove Corporation Berhad (“Top Glove” or the “Company”)
 Notes to the Pro Forma Consolidated Statements of Financial Position
 As at 31 August 2017**

Scenario 1 – No sale of existing treasury shares and no further exercise of outstanding ESOS (“Minimum Scenario”) (contd.)

Pro forma 2 (contd.)

The effect of acquisition of Aspion on cash flows is as follows:

	RM '000
Drawdown of bank borrowings	1,233,000
Cash and bank balances acquired	16,563
Purchase consideration to be settled in cash	(1,233,000)
Expenses to be settled in cash (Note a)	(5,600)
Net cash inflow on the acquisition of Aspion	<u>10,963</u>

Note a:

The expenses relating to the acquisition of Aspion are RM5.60 million and they are expensed to the profit or loss. The estimated expenses are settled in cash.

Pro forma 3

Pro forma 3 incorporates Pro forma 2 and the effects of the Proposed Bonus Issue. The Proposed Bonus Issue does not have any financial effects as it is to be completed without capitalisation of reserves.

However, the number of issued ordinary shares will increase as follows:

	Number of ordinary shares ('000)
Existing number of issued ordinary shares in issue as at 23 August 2018	1,280,229
Add: Ordinary shares to be issued under the Proposed Bonus Issue	<u>1,280,229</u>
	2,560,458
Less: Treasury shares (inclusive of the Proposed Bonus Issue)	<u>(4,140)</u>
Total number of issued ordinary shares, excluding treasury shares, after the Proposed Bonus Issue	<u>2,556,318</u>

Section 127(11) of the Companies Act 2016 provides that shares may be allotted as fully paid bonus shares in respect of the treasury shares. Accordingly, the Proposed Bonus Issue is inclusive of the treasury shares.

APPENDIX II

**Top Glove Corporation Berhad (“Top Glove” or the “Company”)
Notes to the Pro Forma Consolidated Statements of Financial Position
As at 31 August 2017**

Scenario 1 – No sale of existing treasury shares and no further exercise of outstanding ESOS (“Minimum Scenario”) (contd.)

Pro forma 4

Pro forma 4 incorporates Pro forma 3 and the effects of the Proposed Bonds Issue. For illustration purpose, it is assumed that Top Glove will raise the maximum amount of US\$300 million. The effects of the Proposed Bonds Issue are illustrated as follows:

Utilisation of proceeds from the Proposed Bonds Issue is as follows:

	RM ‘000
Settlement of bank borrowings	1,217,470
Transaction costs (Note b)	14,000
	1,231,470
Cash consideration from the Proposed Bonds Issue (Note c)	1,231,470

The measurement of the liability and equity components of the Proposed Bonds Issue is as follows:

	RM ‘000
Liability component (Note d)	1,144,386
Less: Transaction costs (Note b)	(13,010)
Liability component, net of transaction costs	1,131,376
	87,084
Equity component (Note d)	87,084
Less: Transaction costs (Note b)	(990)
Equity component, net of transaction costs	86,094

Note b:

The estimated expenses in relation to the Proposed Bonds Issue are approximately RM14.00 million, of which RM13.01 million is capitalised as transaction costs of the liability component, whilst the balance of RM0.99 million is capitalised transaction costs of the equity component. The estimated expenses are to be settled in cash.

Note c:

The proceeds from the Proposed Bonds Issue are translated to Ringgit Malaysia using the middle rate of RM4.1049 per US\$1, which was published by Bloomberg on 23 August 2018.

Note d:

The liability component is estimated based on the unavoidable cash outflows to Top Glove arising from the guaranteed exchangeable bonds. The equity component represents the residual value of the proceeds from the Proposed Bonds Issue after deducting the liability component.

APPENDIX II

Top Glove Corporation Berhad (“Top Glove” or the “Company”) Notes to the Pro Forma Consolidated Statements of Financial Position As at 31 August 2017

Scenario 2 – Sale of all existing treasury shares (“Maximum Scenario”)

Pro forma 1

Pro forma 1 incorporates the effects of the actual exercises of ESOS of Top Glove during the period from 1 September 2017 to 23 August 2018. The number of ESOS exercised was 3,425,360, at an average price of RM3.50. Total cash consideration raised was approximately RM11.97 million.

In addition, the exercise of ESOS resulted in the transfer of approximately RM2.09 million from the share option reserve account to the share capital account. Due to the expiry of certain ESOS, an amount of RM475,000 was transferred from the share option reserve account to the retained earnings account.

On 1 August 2018, the Company transferred 93,700 of its treasury shares to eligible employees of the Company as part of its Employee Share Grant Plan. The cost of these treasury shares was RM413,000 and there was no cash proceed from this transaction.

On 2 August 2018, the Company granted 3,171,200 new ESOS to eligible directors and employees of the Company and its subsidiaries, of which 4,700 ESOS have been exercised. The estimated cost of the new ESOS was RM1.93 million.

The effects of the above transactions on the equity of the Company can be summarised as follows:

	Share capital RM '000	Treasury shares RM '000	Other reserves RM '000	Retained earnings RM '000
Exercise of ESOS:				
For cash	11,972	-	-	-
Transfer from share option reserve account	2,093	-	(2,093)	-
Expiry of ESOS	-	-	(475)	475
Transfer of treasury shares	-	413	-	(413)
Grant of new ESOS	-	-	1,932	(1,932)
Total	14,065	413	(636)	(1,870)

APPENDIX II

Top Glove Corporation Berhad (“Top Glove” or the “Company”) Notes to the Pro Forma Consolidated Statements of Financial Position As at 31 August 2017

Scenario 2 – Sale of all existing treasury shares (“Maximum Scenario”) (contd.)

Pro forma 2

Pro forma 2 incorporates Pro forma 1 and the effects of the acquisition of Aspion by Top Glove for a total consideration of RM1.370 billion, of which RM1.233 billion will be satisfied in cash and RM137 million will be satisfied via the issuance of 20,505,000 new ordinary shares in Top Glove. In addition, Top Glove agrees to make incentive payments to the vendor of Aspion, which will be based on the profit after tax to be derived from the sale of Finessis gloves for the financial years 31 October 2018 to 2020 (“Finessis Incentive”).

For illustration purposes, Pro forma 1 is illustrated assuming that the cash portion of the purchase consideration is entirely funded by bank borrowings.

In illustrating the effects of the acquisition of Aspion on the financial position of Top Glove as at 31 August 2017, the Directors of Top Glove have compiled the financial information using the audited financial statements of Aspion for the financial year ended 31 October 2016.

The exercise to allocate the cost of acquisition to the assets acquired and liabilities assumed will be performed at a later stage and hence the identification and measurement of all the various components of the acquisition of Aspion could be materially different from the amounts shown in the Pro Forma Consolidated Statements of Financial Position.

In addition, as the legal proceedings mentioned in the Basis of Preparation are on-going and any potential financial effects cannot be reliably ascertained at this stage, the Pro Forma Consolidated Statements of Financial Position do not reflect any potential adjustments that may arise from the legal proceedings.

The Finessis Incentive has not been included in Pro forma 1 as it is currently being assessed by the Board of Directors and management. The eventual estimated amount of the Finessis Incentive will form part of the purchase consideration and it will be capitalised as part of the cost of investment in Aspion. It is not expected to have an immediate effect on net assets and gearing of Top Glove.

APPENDIX II
**Top Glove Corporation Berhad (“Top Glove” or the “Company”)
 Notes to the Pro Forma Consolidated Statements of Financial Position
 As at 31 August 2017**
Scenario 2 – Sale of all existing treasury shares (“Maximum Scenario”) (contd.)
Pro forma 2 (contd.)

The fair values of the identifiable assets acquired and liabilities assumed in respect of the acquisition of Aspion and the resulting effects are assumed to be as follows:

	RM '000
Non-current assets	
Property, plant and equipment	356,076
Intangible assets	68,227
Development costs	8,645
Deferred tax assets	1,695
	<u>434,643</u>
Current assets	
Inventories	134,719
Trade and other receivables	107,889
Prepayments	4,527
Tax recoverable	1,098
Cash and bank balances	16,563
	<u>264,796</u>
Current liabilities	
Trade and other payables	89,670
Derivative liabilities	308
Income tax payable	1,951
Loans and borrowings	125,644
	<u>217,573</u>
Non-current liabilities	
Trade and other payables	21,081
Loans and borrowings	154,927
Deferred tax liabilities	16,015
	<u>192,023</u>
Provisional fair value of assets acquired and liabilities assumed	289,843
Less: Purchase consideration	<u>(1,370,000)</u>
Provisional goodwill on acquisition of Aspion	<u>1,080,157</u>

APPENDIX II

**Top Glove Corporation Berhad (“Top Glove” or the “Company”)
 Notes to the Pro Forma Consolidated Statements of Financial Position
 As at 31 August 2017**

Scenario 2 – Sale of all existing treasury shares (“Maximum Scenario”) (contd.)

Pro forma 2 (contd.)

The effect of acquisition of Aspion on cash flows is as follows:

	RM ‘000
Drawdown of bank borrowings	1,233,000
Cash and bank balances acquired	16,563
Purchase consideration to be settled in cash	(1,233,000)
Expenses to be settled in cash (Note a)	(5,600)
Net cash inflow on the acquisition of Aspion	<u>10,963</u>

Note a:

The expenses relating to the acquisition of Aspion are RM5.60 million and they are expensed to the profit or loss. The estimated expenses are settled in cash.

Pro forma 3

Pro forma 3 incorporates Pro forma 2 and the effects of the sale of all existing treasury shares of Top Glove as at 23 August 2018. The effects are illustrated as follows:

	No. of treasury shares	Sale price RM	Total consideration RM ‘000
Treasury shares	2,070,700	10.78	22,322

The sale price of the treasury shares is based on the closing price of Top Glove on 23 August 2018. The sale resulted in a gain of approximately RM13.00 million, which is recognised directly to the retained earnings account in equity.

As at 23 August 2018, the number of outstanding ESOS is 3,166,500. The ESOS Committee of Top Glove has frozen the exercise of these ESOS until the completion of the Proposed Bonus Issue. Accordingly, the Pro Forma Consolidated Statements of Financial Position do not reflect any potential adjustments that may arise from the exercise of the outstanding ESOS.

APPENDIX II

Top Glove Corporation Berhad (“Top Glove” or the “Company”) Notes to the Pro Forma Consolidated Statements of Financial Position As at 31 August 2017

Scenario 2 – Sale of all existing treasury shares (“Maximum Scenario”) (contd.)

Pro forma 4

Pro forma 4 incorporates Pro forma 3 and the effects of the Proposed Bonus Issue. The Proposed Bonus Issue does not have any financial effects as it is to be completed without capitalisation of reserves.

However, the number of issued ordinary shares will increase as follows:

	Number of ordinary shares ('000)
Existing number of issued ordinary shares in issue as at 23 August 2018	1,280,229
Less: Treasury shares	<u>(2,070)</u>
	1,278,159
Add: Sale of treasury shares as shown in Pro forma 3	<u>2,070</u>
	1,280,229
Add: Ordinary shares to be issued under the Proposed Bonus Issue	1,280,229
Total number of issued ordinary shares after the Proposed Bonus Issue	<u>2,560,458</u>

Pro forma 5

Pro forma 5 incorporates Pro forma 4 and the effects of the Proposed Bonds Issue. For illustration purpose, it is assumed that Top Glove will raise the maximum amount of US\$300 million. The effects of the Proposed Bonds Issue are illustrated as follows:

Utilisation of proceeds from the Proposed Bonds Issue is as follows:

	RM '000
Settlement of bank borrowings	1,217,470
Transaction costs (Note b)	<u>14,000</u>
Cash consideration from the Proposed Bonds Issue (Note c)	<u>1,231,470</u>

APPENDIX II

**Top Glove Corporation Berhad (“Top Glove” or the “Company”)
Notes to the Pro Forma Consolidated Statements of Financial Position
As at 31 August 2017**

Scenario 2 – Sale of all existing treasury shares (“Maximum Scenario”) (contd.)

Pro forma 5 (contd.)

The measurement of the liability and equity components of the Proposed Bonds Issue is as follows:

	RM ‘000
Liability component (Note d)	1,144,386
Less: Transaction costs (Note b)	<u>(13,010)</u>
Liability component, net of transaction costs	<u>1,131,376</u>
	RM ‘000
Equity component (Note d)	87,084
Less: Transaction costs (Note b)	<u>(990)</u>
Equity component, net of transaction costs	<u>86,094</u>

Note b:

The estimated expenses in relation to the Proposed Bonds Issue are approximately RM14.00 million, of which RM13.01 million is capitalised as transaction costs of the liability component, whilst the balance of RM0.99 million is capitalised transaction costs of the equity component. The estimated expenses are to be settled in cash.

Note c:

The proceeds from the Proposed Bonds Issue are translated to Ringgit Malaysia using the middle rate of RM4.1049 per US\$1, which was published by Bloomberg on 23 August 2018.

Note d:

The liability component is estimated based on the unavoidable cash outflows to Top Glove arising from the guaranteed exchangeable bonds. The equity component represents the residual value of the proceeds from the Proposed Bonds Issue after deducting the liability component.

ADDITIONAL INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. They confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENTS AND CONFLICT OF INTERESTS**2.1 CIMB**

CIMB, being our Principal Adviser for the Proposals, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references to it, in the form and context in which they appear.

CIMB is not aware of any conflict of interest which exists or is likely to exist in its capacity as our Principal Adviser for the Proposals.

CIMB, its related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**"), form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to CIMB's role as Principal Adviser for the Proposals. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group or our shareholders or their affiliates or any other entity or person, hold long or short positions in securities issued by our Company or any member of our Group, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Company and our affiliates. This is a result of the businesses of the CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest in or take actions that may conflict with the interests of our Company.

As at the LPD, CIMB Bank Berhad (a member of the CIMB Group), has in the ordinary course of its banking business extended various credit facilities with a total limit of RM189.3 million to our Group.

CIMB is of the view that this does not result in a conflict of interest situation in respect of its capacity as the Principal Adviser for the Proposals due to the following:

- (i) CIMB Bank Berhad is a licensed commercial bank and the extension of the credit facility to our Group arose in the ordinary course of business of CIMB Bank Berhad; and
- (ii) the credit facility granted by CIMB Bank Berhad is not material when compared to the audited total assets of the CIMB Group of RM506.5 billion as at 31 December 2017.

2.2 Ernst & Young

Ernst & Young, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name, the letter on our proforma consolidated statements of financial position as at 31 August 2017 and all references to them in the form and context in which they appear in this Circular.

Ernst & Young confirms that as at the LPD, it is not aware of any possible conflict of interest which exists or is likely to exist, in its capacity as our Reporting Accountants in connection to the Proposed Bonus Issue and Proposed Bonds Issue.

3. MATERIAL LITIGATION

As at the LPD, save as disclosed below, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of our Group. 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 might materially and adversely affect the financial position or business of our Group.

3.1 Writ action in the Kuala Lumpur High Court, involving our Company and our wholly owned subsidiary, Top Care, against Low Chin Guan, Wong Chin Toh and ACPL (collectively, the “Defendants”) (“Writ Action”)

As described in Section 4.6 of this Circular, after completion of the Aspion Acquisition, our Company discovered irregularities in Aspion’s accounts and commenced legal proceedings.

On 29 June 2018, our Company and Top Care initiated the Writ Action against Low Chin Guan, Wong Chin Toh and ACPL to seek for a claim of not less than RM714,862,759 arising from a conspiracy to defraud our Company and Top Care, and fraudulent misrepresentations made by Low Chin Guan and Wong Chin Toh which resulted in our Group acquiring Aspion for a fixed amount of RM1.37 billion.

In the Writ Action, our Company and Top Care applied for an ex-parte Mareva injunction restraining Low Chin Guan and Wong Chin Toh from disposing their assets in Malaysia up to the value of RM714,862,759, and ACPL up to the value of RM72.3 million until trial or further order (“**KL Mareva Injunction**”). On 2 July 2018, the KL High Court granted the KL Mareva Injunction pending disposal of the Writ Action. However, on 11 July 2018, the KL High Court set aside the KL Mareva Injunction.

The inter-partes hearing for the KL Mareva Injunction was heard on 19 July 2018 and 24 July 2018. On 30 July 2018, the KL High Court dismissed the KL Mareva Injunction and ordered our Company and Top Care to pay RM15,000 each to Low Chin Guan and Wong Chin Toh and RM7,500 to ACPL as costs. In addition to the costs awarded, our Company and Top Care are liable to the Defendants for any damages suffered by them during the subsistence of the KL Mareva Injunction. At this juncture, we are unable to quantify the damages as the Defendants have not provided their evidence to prove the damages.

In light of new developments to our claims, our Company had on 13 August 2018 applied for a fresh Mareva injunction in the Writ Action to restrain the Defendants from disposing their assets in Malaysia of up to the value of RM640,470,000.00 ("**KL Mareva Injunction 2**") and applied to include Kwek Siew Leng as the 4th defendant in the Writ Action. The hearing for the KL Mareva Injunction 2 is fixed from 29 to 31 October 2018 and 2 November 2018. Our Company and Top Care has also filed for an interim injunction against Low Chin Guan and Wong Chin Toh for RM640,470,000 and ACPL for RM72,300,000 pending the disposal of the KL Mareva Injunction 2. The said interim injunction was allowed by the KL High Court on 27 August 2018.

The Writ Action is on-going and our solicitors are of the view that our Company and Top Care have an even chance of success in our claim. In the event that our Company and Top Care do not succeed in our claim under the Writ Action and fail to obtain the KL Mareva Injunction 2, our Company and Top Care would be exposed to costs for the Writ Action and the KL Mareva Injunction 2 that may be awarded to the Defendants and Kwek Siew Leng.

3.2 Arbitration proceedings at the Singapore International Arbitration Centre involving our Company and Top Care against Adventa Capital ("Singapore Arbitration")

As described in Section 4.6 of this Circular, our Company and Top Care have elected to affirm the share purchase agreement in relation to the Aspion Acquisition notwithstanding the irregularities in Aspion's accounts.

On 12 July 2018, our Company and Top Care commenced arbitration proceedings against Adventa Capital at the Singapore International Arbitration Centre ("**SIAC**") to claim for damages in the sum of RM714,862,759.

In aid of the Singapore Arbitration, our Company and Top Care had applied for:

- (i) On 29 June 2018, an originating summons for a Mareva injunction to restrain Adventa Capital from disposing its assets in Malaysia up to the value of RM714,862,759 until the disposal of the Singapore Arbitration ("**the KL OS**"). On the same day, within the KL OS, our Company and Top Care had also applied for an ex-parte Mareva injunction to restrain Adventa Capital in Malaysia up to the same amount until further order ("**KL Mareva Injunction Against Adventa**"). The ex-parte KL Mareva Injunction Against Adventa was granted on 2 July 2018. The KL High Court set aside the ex-parte KL Mareva Injunction Against Adventa on 11 July 2018 and the inter partes hearing of the KL Mareva Injunction Against Adventa was heard on 19 July 2018 and 24 July 2018. On 30 July 2018, the KL High Court dismissed our Company and Top Care's KL Mareva Injunction Against Adventa with costs of RM7,500.00 awarded to Adventa Capital.

On 15 August 2018, the Company had sought the KL High Court to strike out the KL OS against Adventa Capital and the order was granted with no order as to costs. Our Company and Top Care are liable to Adventa Capital for any damages suffered by Adventa Capital, if any, during the subsistence of the KL Mareva Injunction Against Adventa. At this juncture, we are unable to quantify the damages as Adventa Capital has not provided its evidence to prove the damages.

In light of new development to our claims, on 13 August 2018, our Company had also applied for a fresh Mareva injunction application to restrain Adventa Capital from disposing its assets up to a value of RM640,470,000.00 ("**KL Mareva Injunction Against Adventa 2**"). The KL High Court had fixed for the KL Mareva Injunction Against Adventa 2 application to be heard from 29 to 31 October 2018 and 2 November 2018. Our Company and Top Care have also filed for an interim injunction against Adventa Capital pending disposal of the KL Mareva Injunction Against Adventa 2. The said interim injunction was allowed by the KL High Court on 27 August 2018; and

- (ii) a Mareva injunction application to restrain Adventa Capital on 2 July 2018 from disposing its assets worldwide (save for Malaysia) up to the value of RM714,862,759 ("**Singapore Mareva Injunction**"). The Singapore High Court granted the Singapore Mareva Injunction on the same day.

On 13 July 2018, Adventa Capital filed an application to set aside the Singapore Mareva Injunction ("**Singapore Set Aside Application**"). The Singapore Mareva Injunction and the Singapore Set Aside Application was part heard on 23 August 2018 by the Singapore High Court and our solicitors informed that the next hearing date will likely be in November 2018. The Company also filed an application on 14 August 2018 seeking the Singapore High Court's leave to adduce further evidence in the Singapore Mareva Injunction and the Singapore Set Aside Application. This application will be determined by the Singapore High Court in the next few months. Our solicitors are of the view that there is an even chance for us to resist Adventa Capital's application to set aside the Singapore Mareva Injunction.

If the Singapore High Court grants Adventa Capital's application to set aside the Singapore Mareva Injunction, Adventa Capital is no longer prohibited from dissipating the funds it received as consideration from the Aspion Acquisition. Therefore, there is a risk that any judgment or award granted in our favour or in Top Care's favour in the Singapore Arbitration may not be fully satisfied. In addition, our Group's liability will be the cost that may be awarded to Adventa Capital by the Singapore High Court.

If the Singapore High Court does not allow Adventa Capital's application to set aside the Singapore Mareva Injunction, the Singapore Mareva Injunction will remain in force. However, our Company and Top Care may be required to compensate Adventa Capital if the Singapore High Court finds that the Singapore Mareva Injunction caused loss to Adventa Capital and the Singapore High Court decides that Adventa Capital should be compensated for that loss.

On 31 July 2018, Adventa Capital had filed its response to the notice of arbitration and counterclaimed against our Company and Top Care for the following:

- (i) losses suffered as a result of the KL Mareva Injunction Against Adventa and Singapore Mareva Injunction;
- (ii) losses suffered as a result of our Company and Top Care's breach of the share purchase agreement by, among others, filing proceedings against Adventa Capital instead of giving Adventa Capital a notice of breach under the share purchase agreement; and
- (iii) losses suffered by Adventa Capital as a result of removal of Low Chin Guan from the management of Aspion.

The Singapore Arbitration is on-going. Our solicitors are of the view that our Company and Top Care have an even chance of success in our claim. In the event that our Company and Top Care do not succeed in our claim under the Singapore Arbitration and fail to obtain the KL Mareva Injunction Against Adventa 2, our Company and Top Care would be exposed to costs that may be awarded to Adventa Capital.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

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

	RM million
Approved and contracted for:	
- Property, plant and equipment	177.2
	177.2

4.2 Contingent liabilities

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

	RM million
Corporate guarantees provided by our Company to banks for our subsidiaries' loans and borrowings	2,199.1
	2,199.1

5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) our Constitution;
- (ii) our audited consolidated financial statements for the FYE 31 August 2016 and FYE 31 August 2017;
- (iii) our unaudited quarterly results for the 9-month financial period ended 31 May 2018;
- (iv) the pro forma consolidated statements of financial position of our Group as at 31 August 2017 together with the Reporting Accountants' Letter, as set out in Appendix I of this Circular;
- (v) the draft Trust Deed;
- (vi) the letters of consent referred to in Section 2 of this Appendix; and
- (vii) the relevant cause papers in relation to the material litigation referred to in Section 3 of this Appendix.

TOP GLOVE

TOP QUALITY, TOP EFFICIENCY

TOP GLOVE CORPORATION BHD

(Company No.: 474423-X)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Top Glove Corporation Bhd (“**Top Glove**” or 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 Wednesday, 10 October 2018 at 10:30 a.m. or immediately upon the conclusion of the other EGM of Top Glove to be held at the same venue at 10:00 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 modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 1,280,229,124 NEW ORDINARY SHARES IN TOP GLOVE (“TOP GLOVE SHARES”) (“BONUS SHARES”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING TOP GLOVE SHARE HELD (“PROPOSED BONUS ISSUE”)

“**THAT**, subject to the passing of the Special Resolution, and the approvals of all relevant authorities and/or parties being obtained:

- (a) the Proposed Bonus Issue as set out in Section 2.1 of the circular to shareholders of the Company dated 18 September 2018 (“**Circular**”), be and is hereby approved;
- (b) the board of directors of the Company (“**Board**”) be and is hereby empowered and authorised to allot and issue up to 1,280,229,124 new Top Glove Shares in the share capital of the Company (including treasury shares) on the entitlement date to be determined later on the basis of 1 Bonus Share for every 1 existing Top Glove Share held on such date;

THAT, the Bonus Shares shall, upon allotment and issue, rank equally in all respects with the then existing issued Top Glove Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions unless the allotment and issue of such Bonus Shares were made on or before the entitlement date of such dividends, rights, allotments and/or other distributions;

AND THAT, the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all acts and things in the manner as the Board may consider necessary or expedient in order to implement, finalise and give full effects to the Proposed Bonus Issue.”

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF GUARANTEED EXCHANGEABLE BONDS WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO UNITED STATES DOLLARS (“USD”) 300 MILLION (“PROPOSED BONDS ISSUE”)

“**THAT**, subject to the approvals of all relevant authorities and/or parties being obtained:

- (a) approval be and is hereby given to the Company to issue guaranteed exchangeable bonds with an aggregate principal amount of up to USD300 million (“**Bonds**”) via Top Glove Labuan Ltd (“**Top Glove Labuan**”) with a coupon rate (if any) and at an issue price to be determined later and that the Bonds, shall be unconditionally and irrevocably guaranteed by the Company, and exchangeable into new Top Glove Shares at an exchange price to be determined by the Directors and otherwise on such further terms and conditions as the Directors may determine and as provided in the trust deed to be entered into by Top Glove Labuan, the Company and the trustee for the Bonds (“**Trust Deed**”) and/or such other documents to be entered into constituting the Bonds;
- (b) the use of proceeds from the Proposed Bonds Issue, as detailed in Section 5 of the Circular, be and is hereby approved; and
- (c) the Board be and is hereby empowered and authorised to:
 - (i) allot and issue such number of new Top Glove Shares, credited as fully paid-up, to the order of the holders of the Bonds which are required to be issued upon the exchange of the Bonds in accordance with the terms and conditions of the Bonds to be provided in the Trust Deed;
 - (ii) vary the manner and/or purpose of use of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, and in the best interest of the Company, subject to (where required) the approval of the relevant authorities;

THAT, such new Top Glove Shares shall, upon allotment and issue, rank equally in all respects with the then existing issued Top Glove Shares, save and except that such new Top Glove Shares will not be entitled to any dividends, rights, allotments and/or other distributions unless the allotment and issue of such new Top Glove Shares were made on or before the entitlement date of such dividends, rights, allotments and/or other distributions;

AND THAT, the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements, deeds, undertakings, indemnities, transfers, assignments and guarantees and/or documents with any party or parties as it may consider necessary or expedient in order to implement and complete the Proposed Bonds Issue including but not limited to, determine the terms and conditions of the Bonds, make applications to authorities and regulatory bodies for any approvals and consents required, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms and conditions of the Bonds, as the Board may deem fit, necessary, expedient and/or appropriate in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection therewith in order to implement, finalise and give full effect to the Proposed Bonds Issue and that all previous actions taken by the Board or any Director of the Board in connection with the Proposed Bonds Issue are hereby ratified.”

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE CONSTITUTION OF TOP GLOVE (“PROPOSED AMENDMENTS”)

“**THAT**, subject to the passing of the Ordinary Resolution 1 and the approvals of all relevant authorities and/or parties (if required) being obtained, the proposed amendments to the Constitution of the Company as set out in the Circular be and are hereby approved;

AND THAT, the Board be and is hereby authorised and empowered to sign, execute, deliver and cause to be delivered on behalf of the Company all documents as the Board may consider necessary, with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Amendments.”

By Order of the Board

CHUA SIEW CHUAN
(MAICSA 0777689)
Chartered Secretary

CHIN MUN YEE
(MAICSA 7019243)
Chartered Secretary

LIM KEAT SEE
(MAICSA 7020290)
Chartered Secretary

SHAH ALAM
18 September 2018

Notes:

- 1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 3 October 2018 shall be eligible to attend, speak and vote at the EGM.*
- 2. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than 2 proxies to attend, speak 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 EGM shall have the same rights as the member to speak at the EGM.*
- 3. Where a holder appoints more than 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 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 48 hours before the time appointed for holding the EGM 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 vote for me/us and on my/our behalf at the Extraordinary General Meeting (“EGM”) 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 Wednesday, 10 October 2018 at 10:30 a.m., or immediately upon the conclusion of the other EGM of Top Glove to be held at the same venue at 10:00 a.m. on the same day, whichever is later, or at any adjournment, in the manner indicated below:

NO.		FOR	AGAINST
ORDINARY RESOLUTIONS			
1.	Proposed Bonus Issue		
2.	Proposed Bonds Issue		
SPECIAL RESOLUTION			
	Proposed Amendments		

Please indicate with an “X” in the spaces provided above as to how you wish your votes to be casted. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

Signed this _____ day of _____ 2018.

 Signature of Shareholder/Common Seal

Notes:

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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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