

THIS CIRCULAR TO SHAREHOLDERS OF GREEN OCEAN CORPORATION BERHAD ("GREEN OCEAN" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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. This Circular has been reviewed and approved by Mercury Securities Sdn Bhd, being the Principal Adviser to the Company for the Proposals (as defined herein).

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GREEN OCEAN CORPORATION BERHAD

Registration No. 200301029847 (632267-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

- (I) **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF GREEN OCEAN AND ITS SUBSIDIARIES TO INCLUDE THE GLOVES BUSINESS ("PROPOSED DIVERSIFICATION");**
- (II) **PROPOSED PRIVATE PLACEMENT OF UP TO 95,605,000 NEW ORDINARY SHARES IN GREEN OCEAN ("GREEN OCEAN SHARES" OR "SHARES"), REPRESENTING 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF GREEN OCEAN, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT");**
- (III) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 828,573,600 NEW SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 621,430,200 FREE DETACHABLE WARRANTS IN GREEN OCEAN ("WARRANTS B") ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS B FOR EVERY 2 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED RIGHTS ISSUE WITH WARRANTS"); AND**
- (IV) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS" OR "SCHEME") INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF GREEN OCEAN (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF GREEN OCEAN AND ITS SUBSIDIARIES ("PROPOSED ESOS")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

*Principal Adviser for the Proposals and
Placement Agent for the Proposed Private Placement*



MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of the Company ("**EGM**") to be held at Theatre Room, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 27 October 2020 at 11.00 a.m. or at any adjournment thereof, is enclosed together with the Form of Proxy in this Circular.

You are requested to complete, sign and return the enclosed Form of Proxy and deposit it at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or submit via e-mail to proxy@shareworks.com.my not less than 48 hours before the time and date appointed for holding the EGM. The completion and lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

| | |
|--|--|
| Last date and time for lodging the Form of Proxy | : Sunday, 25 October 2020 at 11.00 a.m. |
| Date and time of the EGM | : Tuesday, 27 October 2020 at 11.00 a.m. |
| Venue of the EGM | : Theatre Room, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan |

This Circular is dated 9 October 2020

DEFINITIONS

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

| | |
|---------------------------------|--|
| Act | - Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof |
| Board | - Board of Directors of the Company |
| Bursa Depository | - Bursa Malaysia Depository Sdn Bhd |
| Bursa Securities | - Bursa Malaysia Securities Berhad |
| By-laws | - The by-laws governing the Scheme as may be amended, varied or supplemented from time to time |
| CAGR | - Compound annual growth rate |
| CE Marking Certification | - A certification mark that indicates that a product has been assessed by the manufacturer and deemed to meet the European Union safety, health and environmental protection requirements. It is required for products manufactured anywhere in the world that are then marketed in the European Union |
| Circular | - This circular in relation to the Proposals |
| CMSA | - Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof |
| Code | - Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time |
| COVID-19 | - Coronavirus disease |
| CPKO | : Crude palm kernel oil |
| Date of Offer | - The date of the Offer made by the ESOS Committee to an Eligible Person in the manner provided in the By-laws |
| Deed Poll B | - The deed poll constituting the Warrants B and governing the rights of Warrants B holders to be executed by Green Ocean |
| Directors | - The directors of the Company which has the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA |
| Effective Date | - The date on which the Scheme shall take effect, to be determined by the ESOS Committee, following full compliance with all relevant requirements prescribed under the Listing Requirements |
| EGM | - Extraordinary general meeting of the Company |
| Eligible Directors | - The directors of the Group who fulfil the eligibility criteria for participation in the Scheme as set out in the By-laws |
| Eligible Employees | - Employees of the Group who fulfil the eligibility criteria for participation in the Scheme as set out in the By-laws |
| Eligible Persons | - Collectively, the Eligible Directors and the Eligible Employees |

DEFINITIONS (CONT'D)

| | |
|---------------------------------------|--|
| Entitled Shareholders | - Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Proposed Rights Issue with Warrants |
| Entitlement Date | - A date to be determined by the Board and announced later, on which the names of Entitled Shareholders must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to participate in the Proposed Rights Issue with Warrants |
| EPS | - Earnings per Share |
| ESOS or Scheme | - Employees' share option scheme for the granting of Options to the Eligible Person(s) to subscribe for new Shares upon the terms as set out in the By-laws, such Scheme to be known as the "Green Ocean Group Berhad Employees' Share Option Scheme" |
| ESOS Committee | - The committee to be appointed and authorised by the Board from time to time to administer the Scheme in accordance with the By-laws, comprising such number of directors and/or senior management personnel of the Green Ocean Group identified and appointed from time to time by the Board |
| FDA Certification | - Certifications obtained from the Food and Drug Administration, a federal agency of the US Department of Health and Human Services, responsible for the safety of food, dietary supplements, human drugs, vaccines, blood products and other biologicals, medical devices, radiation-emitting electronics, cosmetics, veterinarian products and tobacco products being sold or manufactured in the US |
| First Phase | - First phase of the Group's proposed Gloves Business which will comprise the acquisition, installation and the commission of 6 double former glove-dipping lines. Further details are set out in Section 6(iii) of this Circular |
| Foreign-Addressed Shareholders | - Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue with Warrants |
| FPE | - Financial period ended |
| FYE | - Financial year ended / ending, as the case may be |
| GL | - Gross loss |
| Gloves Business | - Business involving manufacture and sale of rubber gloves. Further details are set out in Section 2.2 of this Circular |
| GP | - Gross profit |
| Grantee | - Any Eligible Person who has accepted an Offer in the manner provided in the By-laws |
| Green Ocean or the Company | - Green Ocean Corporation Berhad |
| Green Ocean Group or the Group | - Collectively, Green Ocean and its subsidiaries |

DEFINITIONS (CONT'D)

| | |
|---|--|
| Green Ocean Shares or Shares | - Ordinary shares in the Company |
| GRSB | - G Rubber Sdn Bhd |
| IMR Report | - The independent market research report dated 23 September 2020 prepared by Smith Zander |
| Interested Person | - A director, major shareholder or chief executive of the Company or a holding company of the Company |
| ISO 13485 | - International standard that was specifically published to define the requirements of a quality management system for organisations within the medical device industry |
| LAT | - Loss after taxation |
| LBT | - Loss before taxation |
| Listing Requirements | - ACE Market Listing Requirements of Bursa Securities, as amended from time to time |
| LPD | - 23 September 2020, being the latest practicable date prior to the printing of this Circular |
| LPS | - Loss per Share |
| MARGMA | - Malaysian Rubber Glove Manufacturers Association |
| Market Day(s) | - Any day on which Bursa Securities is open for trading in securities |
| Maximum Scenario | - Assuming all 95,605,000 Placement Shares are fully placed out prior to the Proposed Rights Issue with Warrants and that all the Entitled Shareholders and/or their renouncees(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants |
| Maximum Shares | - Maximum number of new Shares that may be granted under the Scheme and shall not in aggregate exceed 30% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the ESOS |
| MCO | - Movement control order issued by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 |
| Mercury Securities or Principal Adviser or Placement Agent | - Mercury Securities Sdn Bhd, the Principal Adviser for the Proposals and the Placement Agent for the Proposed Private Placement |
| MFRS 2 | - Malaysian Financial Reporting Standards 2 – <i>Share-based Payment</i> |
| Minimum Scenario | - Assuming all 95,605,000 Placement Shares are fully placed out prior to the Proposed Rights Issue with Warrants and that the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level |
| Minimum Subscription Level | - Minimum subscription of 100,000,000 Rights Shares together with 75,000,000 Warrants B based on an illustrative issue price of RM0.125 per Rights Share to raise a minimum of RM12.5 million |

DEFINITIONS (CONT'D)

| | |
|--|--|
| MT | - Metric tonne |
| NA | - Net assets |
| Offer | - Written offer of Options at the discretion of the ESOS Committee, to an Eligible Person from time to time within the duration of the Scheme |
| Official List | - A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed |
| Option Period | - The period commencing from the Effective Date and expiring on (a) the last day of the duration of the Scheme, or (b) such other date as stipulated by the ESOS Committee in the Offer, or (c) on the date of termination or expiry of the Scheme as provided in the By-laws |
| Options | - The right of a Grantee to subscribe for new Shares, during the Option Period, at the Option Price pursuant to an Offer duly accepted by the Grantee |
| Option Price | - The price per Share at which a Grantee shall be entitled to subscribe for a new Share upon the exercise of the Options as set out in the By-laws |
| PAT | - Profit after taxation |
| PBT | - Profit before taxation |
| Placement Shares | - Up to 95,605,000 new Shares to be issued pursuant to the Proposed Private Placement |
| Private Placement 2020 | - Private placement exercise which involved the issuance of 28,971,000 Shares, which was completed on 26 August 2020 |
| Proposals | - Collectively, the Proposed Diversification, Proposed Private Placement, Proposed Rights Issue with Warrants and Proposed ESOS |
| Proposed Diversification | - Proposed diversification of the existing business of the Green Ocean Group to include the Gloves Business |
| Proposed ESOS | - Proposed establishment of the ESOS involving up to 30% of the total number of issued Shares (excluding treasury shares, if any) |
| Proposed Private Placement | - Proposed private placement of up to 95,605,000 Placement Shares, representing 30% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified and at an issue price to be determined later |
| Proposed Rights Issue with Warrants | - Proposed renounceable rights issue of up to 828,573,600 Rights Shares together with up to 621,430,200 free detachable Warrants B on the basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date |
| Record of Depositors | - A record of securities holders established by Bursa Depository under the Rules of Bursa Depository |
| Rights Shares | - Up to 828,573,600 new Shares to be allotted and issued pursuant to the Proposed Rights Issue with Warrants |

DEFINITIONS (CONT'D)

| | |
|---|--|
| RM and sen | - Ringgit Malaysia and sen respectively |
| Rules of Bursa Depository | - Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time |
| Rules on Take-Overs, Mergers and Compulsory Acquisitions | - Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time |
| SC | - Securities Commission Malaysia |
| Shareholders | - Registered holders of the Shares |
| Smith Zander | - Smith Zander International Sdn Bhd, an independent market researcher |
| sq ft | - Square feet |
| TEAP | - Theoretical ex-all price |
| Undertaking | - The written undertaking from the Undertaking Shareholder dated 26 August 2020 pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his entitlement of Rights Shares and additional Rights Shares not taken up by the other Entitled Shareholders by way of excess Right Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by Green Ocean arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amount to not less than RM12.5 million, details of which are set out in Section 4.3 of this Circular |
| Undertaking Shareholder | - Mr Mak Siew Wei (the Executive Director of Green Ocean) |
| US | - United States of America |
| USD | - United States Dollar, the lawful currency of the US |
| VWAP | - Volume-weighted average market price |
| Warrants B | - Up to 621,430,200 free detachable warrants in Green Ocean to be allotted and issued pursuant to the Proposed Rights Issue with Warrants |
| WHO | - World Health Organisation |

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DEFINITIONS (CONT'D)

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

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 the 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 the Company’s plans and objectives will be achieved.

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TABLE OF CONTENTS

LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:-

| SECTION | PAGE |
|--|-------------|
| 1. INTRODUCTION | 1 |
| 2. PROPOSED DIVERSIFICATION | 2 |
| 3. PROPOSED PRIVATE PLACEMENT | 6 |
| 4. PROPOSED RIGHTS ISSUE WITH WARRANTS | 7 |
| 5. PROPOSED ESOS | 16 |
| 6. UTILISATION OF PROCEEDS | 21 |
| 7. RATIONALE FOR THE PROPOSALS | 27 |
| 8. RISK FACTORS IN RELATION TO THE PROPOSED DIVERSIFICATION | 30 |
| 9. INDUSTRY OVERVIEW AND FUTURE PROSPECTS | 31 |
| 10. EFFECTS OF THE PROPOSALS | 36 |
| 11. TENTATIVE TIMELINE | 43 |
| 12. APPROVALS REQUIRED AND CONDITIONALITY | 43 |
| 13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION | 44 |
| 14. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM | 44 |
| 15. ADDITIONAL INFORMATION | 46 |
| 16. BOARD'S RECOMMENDATION | 50 |
| 17. EGM | 51 |
| 18. FURTHER INFORMATION | 51 |
| APPENDIX I ADDITIONAL INFORMATION | 52 |
| APPENDIX II DRAFT BY-LAWS | 54 |
| NOTICE OF EGM | ENCLOSED |
| ADMINISTRATIVE GUIDE FOR THE EGM | ENCLOSED |
| FORM OF PROXY FOR THE EGM | ENCLOSED |

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GREEN OCEAN CORPORATION BERHAD

Registration No. 200301029847 (632267-P)
(Incorporated in Malaysia)

Registered Office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

9 October 2020

Board of Directors

Dato' Nik Ismail Bin Dato' Nik Yusoff (*Independent Non-Executive Chairman*)
Mak Siew Wei (*Executive Director*)
Khoo Chee Siang (*Independent Non-Executive Director*)
Roy Winston George (*Independent Non-Executive Director*)

To: The Shareholders

Dear Sir / Madam,

- (I) **PROPOSED DIVERSIFICATION**
- (II) **PROPOSED PRIVATE PLACEMENT**
- (III) **PROPOSED RIGHTS ISSUE WITH WARRANTS**
- (IV) **PROPOSED ESOS**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 1 September 2020, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 6 October 2020, Mercury Securities on behalf of the Board, announced that Bursa Securities had, vide its letter dated 6 October 2020, granted its approval for the following:-

- (i) listing and quotation of up to 95,605,000 Placement Shares to be issued pursuant to the Proposed Private Placement;
- (ii) admission of the Warrants B to the Official List;
- (iii) listing and quotation of up to 828,573,600 Rights Shares and up to 621,430,200 Warrants B on the ACE Market of Bursa Securities;
- (iv) listing and quotation of up to 621,430,200 new Shares to be issued upon the exercise of the Warrants B on the ACE Market of Bursa Securities; and
- (v) listing and quotation of such number of additional new Shares, representing up to 30% of the total number of issued Shares of the Company (excluding treasury shares), to be issued upon exercise of Options under the Proposed ESOS.

The approval of Bursa Securities is subject to the conditions as set out in Section 12.1 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED DIVERSIFICATION

2.1 Details of the Proposed Diversification

The Group is principally involved in the production of CPKO as well as trading of refined palm oil products and CPKO. CPKO is produced through the extraction process of palm kernel while refined palm oil is produced after crude palm oil has undergone the refinery and distillation processes. CPKO and refined palm oil products are widely used as raw materials for the food industries.

The Group has been facing challenges in the production of CPKO as the market prices for crude palm commodities have remained subdued. This is due to an oversupply of CPKO, higher forecast for inventories or palm oil products and weaker demands. In view of this, the Board has decided to temporarily cease its production of CPKO in August 2019 and is currently focusing on the trading and supply of refined palm oil products and CPKO. The Group currently sources its refined palm oil products and CPKO locally. Nonetheless, the Group intends to resume the production of CPKO should the market prices for crude palm commodities become favourable.

Due to the uncertainty of the market prices of CPKO, the financial performance of the Group for the past 3 financial years up to the FYE 31 March 2019 as well as 15-month FPE 30 June 2020 has also been fluctuating as follows:-

| | Audited | | | Unaudited |
|-------------|------------------------------|------------------------------|------------------------------|--------------------------------------|
| | FYE 31 March 2017 | FYE 31 March 2018 | FYE 31 March 2019 | 15-month FPE 30 June 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 200,960 | 154,672 | 361,477 | 222,844 |
| PAT / (LAT) | 136 | (7,511) | 1,925 | (10,839) |

Further details on the Group's financial performance are set out in Section 15.1 of this Circular.

Given the above, the Group has been actively identifying other alternatives to improve its financial performance as set out in Section 15.2 of this Circular. After taking into consideration the current market demand for rubber gloves following the COVID-19 pandemic, the Group has resolved to diversify its existing businesses to include the Gloves Business.

Rubber gloves are personal protective equipment used to cover the hands from the wrist to the fingertips of wearers from hazards. Medical gloves, which is a form of rubber gloves, are typically worn by healthcare professionals and workers in the medical industry as a safety measure to safeguard against infection and exposure to potential viruses, bacteria and contaminants. Medical gloves are also widely used in laboratory works to protect against contaminants and harmful chemicals.

Since the outbreak of the COVID-19 pandemic, the demand for personal protective equipment to curb the pandemic has boosted the demand for medical gloves.

As of 20 September 2020, COVID-19 has affected 216 countries, areas or territories, infecting 30.68 million persons and causing 954,417 deaths.

According to the WHO, an estimated of 76 million pieces of examination gloves are required for the COVID-19 response each month. Hence, the need for medical gloves as personal protective equipment during the COVID-19 pandemic will boost the demand for rubber gloves, especially in countries that are severely affected.

MARGMA expects exports of rubber gloves from Malaysia to reach 220 billion pieces in 2020, an increase of 17.65% from 2019 to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic.

If the COVID-19 infection rates globally remain high, the global demand for rubber gloves is expected to continue rising in the near term. Additionally, moving forward, demand for rubber gloves is also expected to be driven by growth in the healthcare services and the global industrial production activities.

(Source: IMR Report prepared by Smith Zander)

Further details on the prospects for the gloves industry are set out in Sections 9.2, 9.3 and 9.4 of this Circular.

Premised on the above, the Proposed Diversification allows the Group to capitalise on the burgeoning demand for gloves while making the most out of the opportunities created by the COVID-19 pandemic. Moreover, the Proposed Diversification will provide an alternative source of income to the Group's current core business.

The Gloves Business is anticipated to contribute 25% or more of the NA and/or net profits of the Group. Pursuant to Rule 10.13(1) of the Listing Requirements, the Company is required to obtain Shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:-

- (a) the diversion of 25% or more of the NA of the listed corporation to an operation which differs widely from those operations previously carried on by the listed corporation; or
- (b) the contribution from such an operation of 25% or more of the net profits of the listed corporation.

In view thereof, the Board will be seeking the approval from the Shareholders for the Proposed Diversification at the forthcoming EGM. Notwithstanding the Proposed Diversification, the Board intends to continue with the Group's existing businesses in the trading of refined palm oil products and CPKO in the same manner.

2.2 Details of the Gloves Business

The Group intends to commission up to 12 double former glove-dipping lines in stages over the course of 36 months. These 12 lines are expected to yield a combined production capacity of up to approximately 2.0 billion pieces of gloves per annum.

As a start, the Group intends to commence the Gloves Business with the First Phase of acquisition, installation and the commission of 6 double former glove-dipping lines upon receipt of proceeds from the Proposed Private Placement and Proposed Rights Issue with Warrants. These 6 lines are expected to yield a combined production capacity of up to approximately 1.0 billion pieces of gloves per annum.

The actual number of glove-dipping lines to be acquired shall depend on, amongst others, the amount of proceeds that the Group is able to raise, the cost to acquire the machines as well as the demand for gloves at the relevant time. Further details on the capital expenditure for the Gloves Business are set out in Section 6 of this Circular.

Subject to the lead time of purchase orders for the raw materials and machineries as well as the completion of the refurbished factory, the production of medical gloves is expected to commence by the first half of 2021. Please refer to Section 6 of this Circular for further details on the proposed utilisation of proceeds for the Gloves Business.

To facilitate the Group's proposed diversification into the Gloves Business, the Group had on 30 July 2020 incorporated a new wholly-owned subsidiary, namely GRSE. Further information on this new subsidiary is set out in Section 2.3 of this Circular.

In terms of target markets, the Group intends to export the rubber gloves to countries with high COVID-19 infection rates such as the US and European countries, Africa, South America and India to capture the demand of rubber gloves in those countries. To facilitate the export of the rubber gloves to the said countries, the Group will also apply for the necessary certifications. Further details are set out in Section 6 of this Circular.

For the export to the European region, the Group intends to obtain the CE Marking Certification (typically recognised in the European region). For the export of gloves to the US region, the Group intends to obtain the FDA Certification (typically recognised in the US). Based on the Group's preliminary checking, the export of gloves to African countries and India requires a certificate of origin from the Ministry of International Trade and Industry, Malaysia to be accompanied with the export of the gloves. Certain countries in South America requires special certifications, such as certificate from the National Health Surveillance Agency (ANVISA) in Brazil and Certificate of Free Sales in Argentina.

Pending the respective certifications and approvals, the Group intends to sell its gloves to countries with lower healthcare requirements. Any specific regulatory approvals for the respective countries that the Group intends to export to shall be identified at the relevant time.

As at the LPD, the Group has yet to identify any distribution channels to market and sell rubber gloves.

In Malaysia, the Group is currently preparing the necessary applications and liaising with the following local authorities to obtain the relevant regulatory approvals for the Gloves Business:-

- (i) Department of Environment
- (ii) Fire and Rescue Department Malaysia
- (iii) Local district council
- (iv) Department of Occupational Safety and Health
- (v) Malaysia Investment Development Authority
- (vi) Malaysian Rubber Board
- (vii) Medical Device Authority
- (viii) Ministry of International Trade and Industry, Malaysia

The Group intends to obtain the approvals from the above authorities / regulatory bodies by first half of 2021.

At this juncture, the Group has identified Mr Mak Siew Wei, who is an Executive Director of Green Ocean to lead the venture into the Gloves Business. His profile is set out below:-

Mr Mak Siew Wei, aged 45, is the Executive Director of Green Ocean. He graduated from the University of Nebraska-Lincoln, US with a Bachelor's Degree in Management Information System. He started his career as a business development manager for Marvic International (NY) Ltd in New York for 3 years, where he was mainly responsible for expanding the client base of the company.

He subsequently joined Advance Information Marketing Berhad as an executive director on 22 September 2010. He is primarily involved in overseeing the day to day operations of the company as well as driving the company's expansion in Indonesia. He joined AT Systematization Berhad as an executive director on 1 March 2013. He is primarily involved in overseeing the company's business in the fabrication of industrial and engineering parts as well as the design and manufacture of industrial automation systems and machinery. Advance Information Marketing Berhad and AT Systematization Berhad are public companies listed on the ACE Market of Bursa Securities.

Apart from sitting on the board of directors of the aforementioned companies, he recently joined 2 other public companies listed on the ACE Market of Bursa Securities, namely Saudee Group Berhad and Pasukhas Group Berhad on 11 August 2020 and 2 September 2020 respectively as an executive director.

As an executive director in the aforementioned public listed companies, he has accumulated vast experience in leadership, business development, operational and managerial roles.

He joined the Company as an Executive Director on 27 July 2020 and is primarily responsible for spearheading the business development and overseeing the implementation of different corporate strategies of the Group. With his leadership experiences across various industries, he is expected to lead the Group's venture into the Gloves Business. His past experience in business development will be crucial in establishing and leading a team to undertake the Gloves Business, as well as in securing sales orders and setting up the distribution channels to market the medical gloves.

The Group is in the midst of hiring a team of 5 engineers with the relevant gloves manufacturing and technical know-how coupled with the recruitment of approximately 200 employees with relevant glove manufacturing experience to undertake various roles. The Group shall hire managers and executives for finance, human resources, sales and marketing as well as administrative roles. The Group also intends to hire supervisors and production workers to handle the compounding of chemicals, production of raw gloves, packing of final product and waste water treatment processes.

As at the LPD, the Group is unable to ascertain the breakdown of number of staff for each role and intends to recruit the staff in stages and in accordance to the number of glove-dipping lines being installed. The Group intends to run the production of rubber gloves on 2 shifts, i.e. day shift and night shift and the Group expects the full team to be in place upon completion of the refurbishment of the factory, and prior to the commencement of the gloves production.

2.3 Information on GRSB

2.3.1 History and principal activities

GRSB was incorporated in Malaysia under the Act on 30 July 2020 as a private limited company. The intended principal activities of GRSB are to carry out the manufacturing and trading of gloves.

2.3.2 Share capital

As at the LPD, the issued share capital of GRSB is RM1.00 comprising of one ordinary share.

The enlarged issued share capital and number of shares of GRSB to undertake the Gloves Business cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time.

2.3.3 Director

As at the LPD, the directors of GRSB are Mr Mak Siew Wei and Mr Roy Winston George, who are the Company's Executive Director and Independent Non-Executive Director respectively.

2.3.4 Shareholder

As at the LPD, GRSB is a wholly-owned subsidiary of the Company.

3. PROPOSED PRIVATE PLACEMENT

3.1 Size of placement

The Proposed Private Placement entails the issuance of up to 95,605,000 new Shares at an issue price to be determined later. This represents 30% of the total number of issued Shares as at the LPD.

Based on the total number of 318,681,800 issued Shares as at the LPD, the Proposed Private Placement would entail the issuance of up to 95,605,000 Placement Shares, representing 30% of such enlarged total number of issued Shares (after rounding up to the nearest 1,000 Shares). The Company does not have any outstanding convertible securities as at the LPD.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total number of issued Shares on a date to be determined and announced later, after receipt of all relevant approvals for the Proposed Private Placement.

3.2 Placement arrangement

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. Such investor(s) shall be party(ies) which qualify under Schedules 6 and 7 of the CMSA. The Placement Shares are not intended to be placed to the following persons:-

- (i) Interested Person;
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in 1 or more tranches (as the placees may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares on the ACE Market of Bursa Securities or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

3.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Placement Shares.

3.4 Listing of the Placement Shares

The Placement Shares to be issued will be listed on the ACE Market of Bursa Securities.

3.5 Basis and justification of the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of the Shares immediately preceding the price-fixing date, to be determined by the Board after taking into consideration prevailing market conditions.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.1965 per Placement Share, the issue price of the Placement Shares would represent a discount of approximately 20.0% to the 5-day VWAP of the Shares up to and including the LPD of RM0.2456 (*Source: Bloomberg*).

4. PROPOSED RIGHTS ISSUE WITH WARRANTS

4.1 Basis and number of Rights Shares and Warrants B to be issued

The Proposed Rights Issue with Warrants will be implemented after the completion of the Proposed Private Placement.

The Proposed Rights Issue with Warrants which involves the issuance of up to 828,573,600 Rights Shares together with up to 621,430,200 free Warrants B is to be implemented on a renounceable basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders at an issue price to be determined by the Board at a later date.

The basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares was arrived at after taking into consideration, amongst others, the following:-

- (i) the amount of proceeds to be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in Section 6 of this Circular. The actual amount of proceeds to be raised is dependent on the final issue price of the Rights Shares and the level of subscription for the Proposed Rights Issue with Warrants. Further details are set out in Section 4.4 of this Circular; and
- (ii) pursuant to Rule 6.51 of the Listing Requirements which states that the number of new Shares which will arise from the exercise of all outstanding warrants, does not exceed 50% of the total number of issued Shares of the Company (excluding treasury shares and before the exercise of the warrants) at all times.

The Rights Shares and Warrants B will be provisionally allotted and issued to the Entitled Shareholders. The Entitlement Date shall be determined by the Board after obtaining all approvals for the Proposed Rights Issue with Warrants.

The Warrants B are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renouncee(s) who subscribe for the Rights Shares. Each Warrant B will entitle its holder to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date. The Warrants B will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants B will be issued in registered form and constituted by the Deed Poll B.

The entitlements for the Rights Shares together with the Warrants B are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue with Warrants.

However, the Rights Shares and Warrants B cannot be renounced separately and only the Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants B. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements shall be deemed to have renounced all the accompanying entitlements to the Warrants B to be issued together with the Rights Shares. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants B in proportion to their acceptance of their Rights Share entitlements. Any Rights Shares which are not validly taken up shall be offered to other Entitled Shareholders and/or their renouncee(s) under excess shares applications and to such other persons as the Board shall determine. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company.

Fractional entitlements arising from the Proposed Rights Issue with Warrants, if any, will be disregarded, and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

4.2 Indicative salient terms of the Warrants B

| | |
|--------------------------|--|
| Issuer | : Green Ocean |
| Issue size | : Up to 621,430,200 Warrants B |
| Form and detachability | : The Warrants B will be issued in registered form and constituted by the Deed Poll B to be executed by the Company. The Warrants B which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities. |
| Board lot | : For the purpose of trading on Bursa Securities, a board lot of Warrants B shall be 100 units of Warrants B, or such other number of units as may be prescribed by Bursa Securities. |
| Tenure of the Warrants B | : 5 years commencing on and including the date of issuance of the Warrants B. |
| Exercise Period | : The Warrants B may be exercised at any time within a period of 5 years commencing from and including the date of issuance of the Warrants B to the close of business at 5.00 p.m. (Malaysia time) on the market day immediately preceding the date which is the fifth anniversary from the date of issuance of the Warrants B (" Exercise Period "). Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose. |

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| Exercise Price | : The exercise price of the Warrants B (" Exercise Price ") shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Entitlement Date. The Exercise Price and/or the number of Warrants B in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B. |
| Subscription rights | : Each Warrant B shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll B. |
| Mode of exercise | : The holders of the Warrants B are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants B to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia. |
| Adjustments to the Exercise Price and/or the number of the Warrants B | : Subject to the provisions of the Deed Poll B, the Exercise Price and/or the number of Warrants B in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants B, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll B. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen. |
| Rights of the Warrant B holders | : The Warrants B do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants B exercise their Warrants B for new Shares in accordance with the provisions of the Deed Poll B and such new Shares have been allotted and issued to such holders. |
| Ranking of the new Shares to be issued pursuant to the exercise of the Warrants B | : The new Shares to be issued pursuant to the exercise of the Warrants B in accordance with the provisions of the Deed Poll B shall, upon allotment, issuance and payment of the Exercise Price, rank <i>pari passu</i> in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares arising from the exercise of the Warrants B. |

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| Rights of the Warrant B holders in the event of winding up, liquidation, compromise and/or arrangement | <p>: Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-</p> <p>(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants B (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants B; and</p> <p>(ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, and in any other case and subject always to the provisions in the Deed Poll B, every holder of the Warrants B shall be entitled to exercise his Warrants B at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the holders of the Warrants B credited as fully paid subject to the prevailing laws, and such holder of Warrants B shall entitled to receive out of the assets of the Company which would be available in liquidation if the holder of the Warrants B would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the aforesaid 6 weeks, all subscription rights shall lapse and cease to be valid for any purpose.</p> |
| Modification of rights of Warrants B holders | <p>: Save as otherwise provided in the Deed Poll B, a special resolution of the Warrant B holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants B holders.</p> |

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| Modification of the Deed Poll B | : Any modification to the terms and conditions of the Deed Poll B may be effected only by a further Deed Poll B, executed by the Company and expressed to be supplemental to the Deed Poll B. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). |
| | No amendment or addition may be made to the provisions of the Deed Poll B without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrants B holders. |
| Listing status | : The Warrants B will be listed and traded on the ACE Market of Bursa Securities. The listing and quotation of the Warrants B on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants B. |
| Transferability | : The Warrants B shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. |
| Governing laws | : The Warrants B and the Deed Poll B shall be governed by the laws of Malaysia. |

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4.3

Minimum Subscription Level and Undertaking

Green Ocean intends to raise a minimum of RM12.5 million from the Proposed Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation as set out in Section 6 of this Circular.

In view of the above, the Board has determined to undertake the Proposed Rights Issue with Warrants based on the Minimum Subscription Level i.e. 100,000,000 Rights Shares together with 75,000,000 Warrants B, on the assumption that the Rights Shares are issued at an issue price of RM0.125 per Rights Share.

To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder, namely Mr Mak Siew Wei (the Executive Director of Green Ocean), to apply and subscribe in full for his entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amount to not less than RM12.5 million.

Details of the Undertaking under the Minimum Scenario are as follows:-

| Undertaking Shareholder | Existing direct shareholding as at the LPD | | Direct shareholding after the Proposed Private Placement | | Minimum Rights Shares to be subscribed for pursuant to the Undertaking | | Assuming none of the other Entitled Shareholders subscribe for their Rights Shares | |
|-------------------------|--|------------------|--|------------------|--|---|--|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽²⁾ | Subscription based on entitlement | Subscription based on excess shares application | No. of Shares held after the Proposed Rights Issue with Warrants | % ⁽⁴⁾ |
| Mak Siew Wei | 49,452,950 | 15.52 | 49,452,950 | 11.94 | 98,905,900 | 1,094,100 | 149,452,950 | 29.06 |

Notes:-

- (1) Based on the issued share capital of 318,681,800 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 414,286,800 Shares after the Proposed Private Placement.
- (3) Based on an illustrative issue price of RM0.125 per Rights Share.
- (4) Based on the enlarged issued share capital of 514,286,800 Shares under the Minimum Scenario.

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Pursuant to the Undertaking, the Undertaking Shareholder has:-

- (i) irrevocably and unconditionally warranted that he shall not sell or in any other way dispose of or transfer his existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and
- (ii) confirmed that he has sufficient financial means and resources to fulfil his obligations under the Undertaking.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertaking.

For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlement of the Rights Shares, the Undertaking Shareholder will be subscribing for a total of 100,000,000 Rights Shares based on an illustrative issue price of RM0.125 per Rights Share.

However, should the actual issue price be higher or lower than RM0.125 per Rights Share, the total number of Rights Shares and excess shares to be subscribed by the Undertaking Shareholder (which is computed based on RM12.5 million divided by the issue price of the Rights Shares) will be adjusted correspondingly to arrive at RM12.5 million.

The Undertaking Shareholder has confirmed that he will observe and comply at all times with the provision of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

In the event that the Undertaking Shareholder triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertaking, a separate announcement will be made.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

4.4 Basis and justification of determining the issue price of the Rights Shares and the exercise price of the Warrants B

(i) Issue price of the Rights Shares

The issue price of the Rights Shares shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the following:-

- (a) the funding requirements of the Group as set out in Section 6 of this Circular;
- (b) the TEAP of the Shares based on the 5-day VWAP of Green Ocean Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the issue price of the Rights Shares such that the issue price is at a range of discount between 20% and 50% of the TEAP. This was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the proposed utilisation as set out in Section 6 of this Circular; and

- (c) the rationale for the Proposed Rights Issue with Warrants, as set out in Section 7.3 of this Circular.

The illustrative issue price of RM0.125 per Rights Share represents a discount of approximately 24.33% to the TEAP of Green Ocean Shares of RM0.1652, calculated based on the 5-day VWAP of Green Ocean Shares up to and including the LPD of RM0.2456.

(ii) Exercise price of the Warrants B

The exercise price of the Warrants B shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the TEAP of Green Ocean Shares based on the 5-day VWAP of Green Ocean Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the exercise price of the Warrants B such that it is in a discount or premium range of 0% to 20% to the TEAP of Green Ocean Shares. This was determined by the Board after taking into consideration the future prospects of the Group, further details of which are set out in Section 9.5 of this Circular.

The illustrative exercise price of RM0.20 per Warrant B represents a premium of approximately 21.07% to the TEAP of Green Ocean Shares of RM0.1652, calculated based on the 5-day VWAP of Green Ocean Shares up to and including the LPD of RM0.2456. The illustrative exercise price of RM0.20 per Warrant B is based on the illustrative issue price of RM0.125 per Rights Share.

4.5 Ranking of the Rights Shares and new Shares arising from the exercise of the Warrants B

(i) Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such Rights Shares.

(ii) New Shares arising from the exercise of the Warrants B

The new Shares to be issued pursuant to the exercise of the Warrants B shall, upon allotment, issuance and full payment of the exercise price of the Warrants B, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

4.6 Foreign-Addressed Shareholders

An abridged prospectus together with its accompanying documents or any other documents to be issued in connection with the Proposed Rights Issue with Warrants are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue with Warrants will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents or any other documents relating to the Proposed Rights Issue with Warrants will only be sent to Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in the Record of Depositors on the Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the Entitlement Date.

Foreign-Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers as well as the share registrar of the Company at ShareWorks Sdn Bhd, No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) to effect the change of address prior to the Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from the Company's share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Record of Depositors as at the Entitlement Date and will not accept or deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue with Warrants to the extent that it would be lawful to do so and the Company and/or any of its advisers would not, in connection with the Proposed Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholders may be subject to.

Foreign-Addressed Shareholders will be responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in such jurisdiction and the Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such persons may be required to pay. They will have no claims whatsoever against the Company, its share registrar and/or any of its advisers in respect of their rights or entitlements under the Proposed Rights Issue with Warrants. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue with Warrants.

The Foreign-Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the applicants in the Proposed Rights Issue with Warrants shall be on the basis of a warranty by the applicants that they are allowed to do so lawfully without the Company and/or the advisers being in breach of the laws of any jurisdiction.

Neither the Company nor any of its advisers to the Proposed Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance by a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue with Warrants is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject, will have no claims whatsoever against the Company and/or any of its advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue with Warrants.

The Company reserves the right in its absolute discretion to treat any subscription of the Rights Shares as being invalid if it believes or has reason to believe that such subscription for the Rights Shares may violate applicable legal or regulatory requirements.

5. PROPOSED ESOS

The Company proposes to establish and implement the Proposed ESOS, which involves granting of Options to the Eligible Persons as set out in the By-laws. The Options to be granted under the Scheme shall entitle the Eligible Persons to subscribe for new Shares at an Option Price to be determined at a later date. At this juncture, the Board has no plans to allocate any Options to the Directors, chief executive of the Company and/or to any persons connected with them as the priority of the Scheme is to incentivise the Company's employees.

The Scheme will be administered by the ESOS Committee. The ESOS Committee will have the absolute discretion in administering the Scheme. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee pursuant to the By-laws may be exercised at the ESOS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities. In the event that the ESOS Committee decides to allocate any Options to the Directors and/or persons connected with them, Shareholders' prior approval will be sought for the specific allocation to each of them.

For the avoidance of doubt, the Proposed ESOS will be implemented after the Entitlement Date of the Proposed Rights Issue with Warrants.

5.1 Maximum number of Shares available under the Scheme

The aggregate maximum number of new Shares which may be made available under the Scheme shall not exceed the Maximum Shares at any point of time during the duration of the Scheme.

Notwithstanding the above or any other provisions contained in the By-laws, in the event that the number of new Shares to be issued pursuant to the exercise of the Options granted under the Scheme exceeds the Maximum Shares as a result of the Company purchasing its own Shares in accordance with the Act, or the Company undertaking any other corporate proposal and thereby diminishing the total number of issued Shares, then such Options granted prior to the adjustment of such total number of issued Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of the By-laws.

However, in such a situation, the ESOS Committee shall not make any further Offer until the total number of new Shares to be issued pursuant to the exercise of the Options granted or to be granted under the Scheme falls below the Maximum Shares at any point of time over the duration of the Scheme after such adjustment.

It should be noted that even if the Maximum Shares are granted to the Eligible Persons, the actual number of new Shares to be issued pursuant to the exercise of the Options may be lesser in view that not all Grantees under the Scheme will exercise their Options in full or at all.

5.2 Basis of allotment and maximum allowable allocation of new Shares

Subject to the Maximum Shares and any adjustments which may be made under the By-laws, the aggregate maximum number of Options that may be granted to any one Eligible Person shall be determined entirely at the discretion of the ESOS Committee, subject to the following conditions:-

- (i) the Eligible Persons do not participate in the deliberation or discussion in respect of their own allocation;
- (ii) the number of new Shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), does not exceed 10% of the total number of new Shares to be issued under the Scheme; and
- (iii) Not more than 70% of the Options available under the Scheme shall be allocated in aggregate to the Eligible Directors and senior management personnel of the companies in the Group (which are not dormant),

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, including the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Grantees via:-

- (i) 1 single Offer at a time determined by the ESOS Committee; or
- (ii) several Offers, where the vesting of the Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 5.1 of this Circular.

The ESOS Committee also has the discretion to determine, amongst others:-

- (i) whether or not to stagger the Offer over the duration of the Scheme and each Offer shall be separate and independent from the others;
- (ii) the number of Options to be offered in each Offer;
- (iii) whether or not the Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.

No performance target has been set for the allocation of Options at this juncture. Notwithstanding this, the ESOS Committee may from time to time at its own discretion decide on the performance targets.

5.3 Eligibility to participate in the Scheme

Only Eligible Persons who fulfil the following conditions on the Date of Offer shall be eligible to participate in the Scheme:-

- (i) In respect of an employee of the Group, the employee must fulfil the following criteria as at the Date of Offer:-
 - (a) he / she is at least 18 years of age and he / she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (b) he / she is employed on the Date of Offer:-
 - (aa) on a full time basis and is on the payroll of any company in the Group (which are not dormant) for a continuous period of at least 1 year and his/her employment has been confirmed by any company in the Group (which are not dormant) on the Date of Offer; or
 - (bb) serving in a specific designation under an employment contract for a continuous fixed period of at least 1 year (which shall include any probation period) and may include contract staff employed for a period of 1 year or more for any purposes or specific requirements of the Group as the ESOS Committee deemed fit; and
 - (c) such employee falls within any other eligibility criteria (including variations to the eligibility criteria under Section 5.3(i)(a) or (b) above) that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (ii) in respect of a director of the Group, the director must fulfil the following criteria as at the Date of Offer:-
 - (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (b) he / she has been appointed as a director of the Company or any other company in the Group (which are not dormant); and
 - (c) such director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (iii) In respect of a Director, a chief executive officer or a person connected with a Director or chief executive officer, the specific allocation of Options granted under the Scheme must have been approved by the Shareholders at a general meeting.
- (iv) If the Eligible Person is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:-
 - (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (b) he / she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least 1 year and his / her employment has been confirmed by the newly acquired company.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the By-laws.

5.4 Duration of the Proposed ESOS

The Scheme shall be in force for a duration of 5 years from the Effective Date subject however to any extension of the Scheme as provided under the By-laws.

On or before the expiry of such 5 years of the Scheme, the Board shall have the discretion, without having to obtain approval of the Shareholders, to extend the duration of the Scheme, provided that the initial period of the Scheme and such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time.

For the avoidance of doubt, no further sanction, approval, consent or authorisation of the Shareholders in a general meeting is required for any such extension. In the event the Scheme is extended in accordance with the provision of the By-laws, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities prior to such extension.

The Scheme may be terminated by the ESOS Committee at any time before its expiry provided that the Company shall make an announcement immediately through Bursa Securities.

In the event of termination of the Scheme, the following provisions shall apply:-

- (i) no further Offer shall be made by the ESOS Committee from the effective date of termination of the Scheme ("**Termination Date**");
- (ii) all Offers which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date;
- (iii) all Offers which have yet to be vested in the Eligible Person(s) shall automatically lapse on the Termination Date; and
- (iv) all outstanding Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated on the Termination Date.

Approval or consent of Shareholders by way of a resolution in a general meeting and written consent of the Grantees who have yet to exercise their Options are not required to effect the termination of the Scheme.

5.5 Exercise of Options

Subject to the By-laws, a Grantee shall be allowed to exercise the Options granted to him / her either in whole or part in multiples of 100 Shares as the Grantee may be entitled under the Options at any time during the Option Period whilst he / she is in the employment of any company within the Group (which are not dormant).

There will be no restriction to the Grantee on the percentage of Options exercisable by him / her during the Option Period.

5.6 Option Price

Subject to any adjustments that may be made in accordance with the By-laws, the Option Price shall be based on a price to be determined by the Board upon recommendation of the ESOS Committee based on the 5-day VWAP of the Shares immediately preceding the Date of Offer, i.e. the date of an Offer made by the ESOS Committee to an Eligible Person, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities during the duration of the Scheme. The Option Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

5.7 Ranking of the new Shares to be issued pursuant to the exercise of the Options

The new Shares to be allotted and issued arising from the exercise of any Options granted under the Scheme will be subject to the provisions of the Constitution and will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares, save and except that Shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

5.8 Retention period

The new Shares to be allotted and issued and/or transferred to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its discretion. The Grantees are encouraged to hold the Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, pursuant to Rule 8.22 of the Listing Requirements, a Grantee who is a non-executive director of any company within the Group (excluding any dormant subsidiary) must not sell, transfer or assign his / her Shares obtained through the exercise of the Options offered to him / her pursuant to the Scheme within 1 year from the Date of Offer of such Options or such period as may be prescribed by Bursa Securities.

5.9 Alteration of share capital during the Option Period

In the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the ESOS Committee may, at its discretion, determine whether the Option Price and/or the number of unexercised Options shall be adjusted, and if so, the manner in which such adjustments should be made.

Such adjustments must be confirmed in writing by the external auditors of the Company or principal advisers (acting as experts and not as arbitrators), to be in their opinion, fair and reasonable.

5.10 Modification, variation and/or amendment to the Scheme

Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time recommend to the Board any additions, modifications or amendments to or deletions of the By-laws as it shall at its discretion think fit.

Subject to the By-laws, the approval of the Shareholders in a general meeting shall not be required in respect of the additions or amendments to or modifications or deletion of the By-laws provided that no additions, modifications or amendments or deletions shall be made to the By-laws which will:-

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (ii) increase the number of Shares available under the Scheme beyond the maximum set out in Section 5.1 of this Circular; or
- (iii) alter any matter which are required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

5.11 Utilisation of proceeds from the exercise of the Options

The proceeds arising from the exercise of the Options will depend on, amongst others, the number of Options granted and exercised at the relevant point in time as well as the Option Price. As such, the actual amount of proceeds arising from the exercise of the Options as well as the timeframe for the utilisation of proceeds could not be determined at this juncture.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the Options, if any, as working capital for the Group which commensurate with the business operations of the Group. The working capital raised from the exercise of the Options will be utilised to finance the Group's general working capital requirements which shall include administrative expenses such as staff salaries, group overhead expenses (i.e. utilities, upkeep of office premise), Directors' remuneration, employer's statutory contribution, purchase of raw materials including those required for the production of rubber gloves and other miscellaneous operating expenses.

6. UTILISATION OF PROCEEDS

Based on an illustrative issue price of RM0.1965 per Placement Share, the Group expects to raise RM18.8 million from the Proposed Private Placement.

Based on an illustrative issue price of RM0.125 per Rights Share, the Group expects to raise RM12.5 million and RM103.6 million from the Proposed Rights Issue with Warrants under the Minimum Scenario and Maximum Scenario respectively.

Based on the above, the total proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue with Warrants are set out below:-

| | Minimum Scenario (RM'000) | Maximum Scenario (RM'000) |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Proposed Private Placement | 18,786 | 18,786 |
| Proposed Rights Issue with Warrants | 12,500 | 103,572 |
| Total | 31,286 | 122,358 |

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The gross proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue with Warrants are intended to be utilised in the following manner:-

| Proposed utilisation of proceeds | Expected timeframe for utilisation from completion of the Proposed Private Placement and Proposed Rights Issue with Warrants | Minimum Scenario (1)(2)(RM'000) | Maximum Scenario (1)(2)(RM'000) |
|---|---|--|--|
| (i) Repayment of bank borrowings | Within 6 months | 18,900 | 18,900 |
| (ii) Refurbishment of existing factory building for the Gloves Business | Within 12 months | 10,000 | 15,000 |
| (iii) Capital expenditure for the Gloves Business | Within 36 months | 896 | 81,900 |
| (iv) Working capital for the Gloves Business | Within 24 months | - | 5,068 |
| (v) Estimated expenses for the Proposals | Immediate | (3)1,490 | (3)1,490 |
| Total | | 31,286 | 122,358 |

Notes:-

- (1) The proceeds raised are expected to be utilised up to its respective maximum allocation in the following order:-
- estimated expenses for the Proposals;
 - repayment of bank borrowings;
 - refurbishment of existing factory building for the Gloves Business;
 - capital expenditure for the Gloves Business; and
 - working capital for the Gloves Business.

Any additional proceeds raised in excess of the RM122.4 million under the Maximum Scenario will be allocated for working capital for the Gloves Business.

The actual utilisation of such proceeds is subject to the operational needs at the relevant time and the quantum of proceeds that the Company is able to raise. Any shortfall between the Group's funding requirements for (i) to (iv) above and the actual amount of proceeds raised are expected to be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required).

- (2) Pending the utilisation of proceeds for its earmarked purposes, the unutilised proceeds shall be placed in interest-bearing deposits.
- (3) If the actual expenses incurred for the Proposals are higher than the budgeted amount of RM1.6 million, the deficit will be funded via internally generated funds. Conversely, any surplus of funds following payment of expenses will be utilised in the order set out in Note (1) above.

(i) Repayment of bank borrowings

As at the LPD, the Group's outstanding bank borrowings stood at RM20.5 million.

The Group intends to utilise proceeds of up to RM18.9 million from the Proposed Private Placement and Proposed Rights Issue with Warrants towards repayment of the following bank borrowings, allocated up to its respective maximum allocation in the following order as set out below:-

| Name of bank | Type of facility | Outstanding amount as at the LPD (RM'000) | ⁽³⁾ Repayment amount (RM'000) | Estimated annual interest savings from the repayment (RM'000) |
|-------------------|-------------------------------------|--|---|--|
| AmBank (M) Berhad | Bank overdrafts ⁽¹⁾ | 1,870 | (1,870) | ⁽⁴⁾ 111 |
| AmBank (M) Berhad | Bankers' acceptances ⁽²⁾ | 18,643 | (17,030) | ⁽⁵⁾ 582 |
| Total | | 20,513 | (18,900) | 693 |

Notes:-

- (1) These bank overdrafts were drawn down to finance the Group's working capital.
- (2) These bankers' acceptances were drawn down to finance the Group's working capital.
- (3) While the Group intends to allocate proceeds of up to RM18.9 million from the Proposed Private Placement and Proposed Rights Issue with Warrants to repay these borrowings, these borrowings are subject to prevailing interest rate, drawdown and repayment from time to time. As such, the outstanding principal amount of these borrowings at the point of repayment may differ from the current amount as at the LPD.
- In this event, any surplus shall be reallocated in the order of utilisation set out in Note (1) of this Section 6 above. Any shortfall shall be funded via the portion earmarked for refurbishment of existing factory building for the Gloves Business, internally generated funds and/or future fund raising exercises to be undertaken (if required).
- (4) Based on an effective interest rate of 5.95% per annum.
- (5) Based on an effective interest rate of 3.42% per annum.

(ii) Refurbishment of existing factory building for the Gloves Business

To facilitate the Group's venture into the Gloves Business, the Group intends to utilise proceeds of up to RM15.0 million from the Proposed Private Placement and Proposed Rights Issue with Warrants for the refurbishment of its existing factory buildings into a glove-dipping facility.

Currently, the Group owns a land in Kapar, Klang, Selangor measuring 210,421 sq ft ("**Land**"). There are currently 2 factory buildings erected on the Land which has a built-up area of 38,750 sq ft and 21,305 sq ft respectively ("**Existing Properties**"). The Existing Properties include an office, factory buildings, storage facilities and a palm oil fractionation plant. However, since August 2019, the Group has temporarily ceased the production of CPKO due to subdued prices and weaker demand. Instead, the Group has focused on the trading and supply of palm oil products. Currently, the Group is storing the palm oil products at the Existing Properties.

The Group intends to refurbish Existing Properties to a glove-dipping facility in order to facilitate the venture into the Gloves Business. However, the Group intends to continue to retain parts of the factory buildings, the fractionation plant and storage facility in order to cater for the continued operations of existing business (i.e. trading of CPKO and refined palm oil products). The Group may also resume the production of CPKO at its palm oil fractionation plant should the market prices for crude palm commodities become favourable.

The refurbishment of the Existing Properties into a glove-dipping facility ("**Refurbished Facility**") is estimated to cost up to RM15.0 million. This includes tearing down of the existing building and fixtures and the construction of new building structure and/or extensions for the production of medical gloves. As this is based on the best estimates of the management of the Group, the actual cost may differ from the estimated amount.

Thus, any shortfall is intended to be met via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken by the Group (if required). Conversely, any surplus shall be reallocated in the order of utilisation set out in Note (1) of this Section 6 above.

Upon completion of the refurbishment, the Refurbished Facility will be able to house up to 12 glove-dipping lines and is expected to have a total built-up area of approximately 10,000 square metres. The refurbishment is expected to take approximately 6 months and shall commence upon receipts of proceeds from the Proposed Private Placement and Proposed Rights Issue with Warrants, i.e. fourth quarter of 2020. Subject to all relevant approvals being obtained, the refurbishment is expected to be completed by the first half of 2021.

(iii) Capital expenditure for the Gloves Business

The Group intends to utilise proceeds of up to RM81.9 million from the Proposed Private Placement and Proposed Rights Issue with Warrants to acquire, install and commission up to 12 double former glove-dipping lines to manufacture medical gloves. These 12 lines are expected to yield a combined production capacity of up to approximately 2.0 billion⁽¹⁾ pieces of gloves per annum. The glove-dipping lines are to be housed in the Refurbished Facility as set out in Section 6 (ii) above.

Note:-

- (1) Each double former glove-dipping lines is estimated to generate an output of 165 million pieces of gloves per annum.

As a start, the Group intends to acquire, install and commission 6 double former glove-dipping lines. These 6 lines are expected to yield a combined production capacity of up to approximately 1.0 billion pieces of gloves per annum ("**First Phase**"). The First Phase shall be part-financed by the proceeds under the Minimum Scenario.

Depending on, amongst others, the total proceeds raised from the Proposed Private Placement and Proposed Rights Issue with Warrants, the demand of the medical gloves moving forward and the performance of the Gloves Business, the Group intends to commission up to 12 glove-dipping lines gradually over the course of 36 months.

The Group estimates the cost to acquire, install and commission 1 automated glove-dipping line to cost approximately RM5.8 million, and the cost for 12 automated glove-dipping lines to cost approximately RM70.1 million. In addition to the costs for the automated glove-dipping line, the Group also has to incur costs relating to installation and commission of related facilities as well as certification expenditures. Further details on the estimated funding requirements for the glove-dipping lines are set out below:-

| Breakdown of cost | ⁽¹⁾First Phase (i.e. 6 glove-dipping lines) (RM'000) | ⁽¹⁾Up to 12 glove-dipping lines (RM'000) |
|--|--|--|
| Acquisition, installation and commission of automated glove-dipping lines for the manufacture of medical gloves ⁽²⁾ | 35,040 | 70,080 |
| Installation and commission of related facilities ⁽³⁾ | 5,760 | 11,520 |
| Certification expenditure ⁽⁴⁾ | 300 | 300 |
| Total | 41,100 | 81,900 |

Notes:-

- (1) Under the Minimum Scenario, the Group intends to allocate RM0.9 million to part-finance the capital expenditure of the First Phase, i.e. 6 glove-dipping lines. The total cost for the First Phase is estimated to amount to RM41.1 million. The balance funding requirement of RM40.2 million shall be funded via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required). The funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash to be generated from the initial operations of the Gloves Business as well as the availability and suitability of other funding alternatives at the relevant time.

Under the Maximum Scenario, the Group intends to allocate up to RM81.9 million to fully finance the total capital expenditure to commission 12 glove-dipping lines.

- (2) The automated glove-dipping line consists of dipping tanks, ovens, motors, conveyor system. Each automated double-former glove dipping line costs RM4.9 million.

In addition to the costs of the automated glove-dipping lines, in order to fully commission the glove-dipping line to manufacture gloves, the Group shall also set up the ancillary facilities (e.g. online chlorination system to treat gloves) and acquire components (e.g. formers, i.e. the hand-shaped mould). The costs of the ancillary facilities and components shall be subject to, amongst others, the final specifications of the glove-dipping line and the layout of the factory.

Additionally, the above estimated costs of the machines, ancillary facilities and components will be subject to the prevailing market price at the time of order and payment as well as any further negotiations with the machine suppliers from time to time.

- (3) These include, amongst others, building systems which enable the supply of utilities (i.e. electricity and water) and wastewater treatment plant to treat the wastewater from the ovens and dipping tanks arising from the manufacturing process.

- (4) In view that the COVID-19 pandemic impacts certain regions (e.g. the Americas and the European continent) more severely, the demand for medical gloves are expected to continue to be sustained in these regions. As such, the Group intends to obtain the quality certifications that are recognised globally such as the ISO 13485, CE Marking certification and FDA certification for its medical gloves to cater for the export of the gloves globally.

This includes costs to obtain ISO13485, CE Marking certification (typically recognised in the European region), FDA certification (typically recognised in the US), registration with the Medical Device Authority (MDA) in Malaysia and other certifications and/or licensing-related expenditure.

Subject to the lead time of purchase orders for the raw materials and machineries, the production of medical gloves is expected to commence by the first half of 2021.

Any shortfall in the Group's funding requirement for capital expenditure for the Gloves Business is expected be met via internally generated funds, bank borrowings and/or future fund raising exercises to be undertaken (if required). However, the funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the cash to be generated from the initial operations of the Gloves Business as well as the availability and suitability of other funding alternatives at the relevant time. Conversely, any surplus proceeds will be allocated towards working capital for the Gloves Business.

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(iv) Working capital for the Gloves Business

The Group intends to utilise the balance proceeds from the Proposed Private Placement and Proposed Rights Issue with Warrants as working capital for the Gloves Business in the following manner:-

| Working capital | Percentage allocation % | Maximum Scenario (RM'000) |
|---|--------------------------------|----------------------------------|
| Purchase of raw materials required for the production of rubber gloves ⁽¹⁾ (e.g. raw nitrile, packing materials and chemicals such as calcium nitrate, potassium hydroxide and liquid chlorine and etcetera) | 60 | 3,041 |
| Staff salaries ⁽²⁾ | 40 | 2,027 |
| Total | 100 | 5,068 |

Notes:-

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual production requirements of the Group at the relevant time.
- (2) The Group intends to recruit up to 200 employees to undertake various roles (e.g. production, quality control, research and development etc.) for the new Gloves Business.

(v) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is illustrated below:-

| Estimated expenses | RM'000 |
|--|---------------|
| Professional fees ⁽¹⁾ | 1,290 |
| Fees to relevant authorities | 100 |
| Printing, despatch, advertising and meeting expenses | 70 |
| Miscellaneous charges | 30 |
| Total | 1,490 |

Note:-

- (1) These include advisory fees payable to the Principal Adviser, management fees and placement commission payable to the Placement Agent for the management of the placement process and identification of placees respectively, and other professional fees payable to the Company Secretary, Share Registrar, Solicitors, Reporting Accountants and Independent Market Researcher in relation to the Proposals.

The actual gross proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue with Warrants will depend on the actual number of Placement Shares and Rights Shares that will be issued as well as the issue price of the Placement Shares and Rights Shares, which shall be determined in due course.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants B would depend on the actual number of Warrants B exercised. The proceeds from the exercise of the Warrants B will be received on an "as and when basis" over the tenure of the Warrants B.

Strictly for illustrative purposes, based on the exercise price of RM0.20 per Warrant B, the Company will raise gross proceeds of up to approximately RM124.3 million upon full exercise of the Warrants B under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants B in the future will be used to finance the Group's general working capital requirements which shall include administrative expenses such as staff salaries, group overhead expenses (i.e. utilities, upkeep of office premise), Directors' remuneration, employer's statutory contribution, purchase of raw materials including those required for the production of rubber gloves and other miscellaneous operating expenses. The exact utilisation breakdown cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time.

7. RATIONALE FOR THE PROPOSALS

7.1 Proposed Diversification

As set out in Section 2.1 of this Circular, the Proposed Diversification allows the Group to capitalise on a booming segment with favourable long-term prospects. Moreover, the Proposed Diversification will provide an alternative source of income to the Group's current core business. This represents part of the Group's business turnaround plan to improve its financial performance.

7.2 Proposed Private Placement

As detailed in Section 6 of this Circular, the proceeds to be raised from the Proposed Private Placement are intended to be utilised mainly for the Gloves Business and repayment of bank borrowings. As set out in Section 2 of this Circular, the Gloves Business is expected to contribute positively to the future earnings of the Group. Meanwhile, the additional working capital funds will help to facilitate the Group's existing day-to-day operations while the repayment of bank borrowings will reduce the overall gearing and results in interest saving for the Group.

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture as it would enable the Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments as compared to bank borrowings, thereby allowing the Company to preserve its cash flow.

Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company.

7.3 Proposed Rights Issue with Warrants

As detailed in Section 6 of this Circular, the proceeds to be raised from the Proposed Rights Issue with Warrants are intended to be utilised mainly for the Gloves Business. As set out in Section 2 of this Circular, the Gloves Business is expected to contribute positively to the future earnings of the Group. Meanwhile, the additional working capital funds will help to facilitate the Group's existing day-to-day operations as it focuses on establishing the Gloves Business.

After due consideration of the various options available, the Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

- (i) it will involve the issuance of new Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants B subsequently;

- (ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants B which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants B will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants B and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants B are exercised.

The exercise of the Warrants B in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants B will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

7.4 Proposed ESOS

The Proposed ESOS is established primarily to achieve the following objectives:-

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (iv) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the Shareholders via direct participation in the equity of the Company; and
- (v) to attract and retain high-calibre Eligible Persons.

The allocation of Options to non-executive Directors is to recognise the contributions and efforts made by the non-executive Directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decision-making of the Group.

Any proceeds to be received by the Company pursuant to the exercise of the Options (which will depend on, amongst others, the number of Options granted and exercised at the relevant point in time and the Option Price) will be utilised for the Group's working capital purposes.

The Board after taking into consideration the past contributions of the directors and senior management of the Group and to encourage them to contribute further to the success of the Group, has decided to allocate not more than 70% of the Options available under the Proposed ESOS in aggregate to them.

The Board recognises that suitable candidates for higher-level management are hard to attract and/or retain. Hence, the Board is of the view that the 70% threshold is optimal as it allows for the Group the flexibility in customising an attractive and holistic remuneration package to the aforementioned parties.

Notwithstanding the above, the Board does not have any plans to allocate any Options to its Directors, chief executive of the Company and/or any persons connected with them at this juncture.

7.5 Details of fund-raising exercise undertaken by the Company in the past 12 months

In the past 12 months preceding the announcement of the Proposals, the Company had undertaken the Private Placement 2020:-

On 26 August 2020, Green Ocean completed the private placement of 28,971,000 new Shares (representing 10% of the existing total number of issued Shares prior to the Private Placement 2020), raising a total of RM7.6 million. The status of utilisation of the proceeds from the Private Placement 2020 as at the LPD is as follows:-

| Utilisation of proceeds | Intended timeframe for utilisation from completion of the Private Placement 2020 | Actual proceeds raised (RM'000) | Actual utilisation up to the LPD (RM'000) | Balance available for utilisation (RM'000) |
|---|---|--|--|---|
| (i) Repayment of bank borrowings ⁽¹⁾ | Within 6 months | 3,000 | 3,000 | - |
| (ii) General working capital ⁽²⁾ | Within 12 months | 4,361 | - | 4,361 |
| (iii) Expenses for the Private Placement 2020 | Within 1 month | 200 | 200 | - |
| Total | | 7,561 | 3,200 | 4,361 |

Notes:-

- (1) As at the LPD, RM3 million has been utilised to partially repay the Group's bank borrowings. After such repayment, the Group's outstanding bank borrowings stood at RM20.5 million as at the LPD. The Company proposes to partially repay the outstanding bank borrowings using the proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue with Warrants, as detailed in Section 6(i) of this Circular.
- (2) The proceeds shall mainly be utilised for the Group's administrative expenses such as staff salaries, overhead expenses (i.e. utilities, upkeep of office premise), Directors' remuneration, employer's statutory contribution and other operational expenses.

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8. RISK FACTORS IN RELATION TO THE PROPOSED DIVERSIFICATION

8.1 Business diversification risks

The Proposed Diversification may expose the Group to risks inherent to the rubber gloves industry, in which the Group has no prior experience. These may include, amongst others, general economic downturn in the global and regional economies, competition from existing players, socio-political instability, changes in the legal and environmental framework within which this industry operates and changes in demand of rubber gloves.

The demand for gloves is also dependent on factors such as the severity of the COVID-19 pandemic, the availability of a vaccine and the commercial viability to make available such a vaccine to the masses. While the discovery of a vaccine is expected to cause a decrease in the usage of medical gloves among healthcare professionals, the demand for rubber gloves is still expected to be sustained as demonstrated by the growth in demand pre-COVID-19.

According to the IMR Report, pre-COVID-19, global demand for rubber gloves increased from 233 billion pieces in 2017 to 296 billion pieces in 2019 at a CAGR of 12.71%.

Moving forward, the demand for rubber gloves is expected to continue to be driven by the growth in the global and domestic healthcare industry, demand for rubber gloves arising from other end-user markets such as manufacturing industry, growth in the global economy and demand for rubber gloves from emerging markets due to changes in healthcare requirements.

Although the Group will seek to limit these risks through, *inter-alia*, recruiting key personnel with the necessary experiences and technical knowledge in the Gloves Business as well as continuously monitoring the rubber gloves industry landscape, no assurance can be given that any occurrence of the aforementioned events will not have a material adverse effect on the Group's business and earnings in the future pursuant to the Proposed Diversification.

8.2 No prior experience in the manufacturing of rubber gloves

The Group is principally involved in the production of CPKO as well as trading of refined palm oil products and CPKO. As such, the Group does not have any prior experience in the manufacturing of rubber gloves. In particular, the production processes and marketing strategies that may be required for the success of the manufacturing and sale of rubber gloves may be relatively unique and distinct from the Group's existing business.

Notwithstanding the above, the Group is of the view that there is a sufficient pool of talent with suitable technical expertise. As such, the Group is confident that it will be able to recruit and assemble a team with the relevant expertise who will be able to learn quickly and ensure the smooth running of the Gloves Business.

8.3 No prior experience in applying for medical certifications for the sale of rubber gloves

The Group has no prior experience in the application for any medical certifications such as the FDA Certification and CE Marking Certification with local and foreign authorities for the sale of rubber gloves at the relevant countries / regions under their jurisdiction.

There is no assurance that the rubber gloves to be manufactured by the Group can comply with all of the said certifications or that the said certifications can be obtained in a timely manner. In the event of any adverse development or delay in the application of the relevant certifications, the export of rubber gloves to the target markets may be delayed or some target markets may even be off limits to the Group. In turn, this may severely limit the Group's ability to sell / export rubber gloves on a wider scale, thus limiting the Group's revenue potential.

Notwithstanding the above, the Group is in the midst of liaising closely with the relevant local and foreign authorities on the necessary steps needed to obtain the relevant certifications. With proactive measures, the Group intends to commence the application progress as soon as practicable in order to avoid any unforeseen delays.

9. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

9.1 Malaysian economy

The Malaysian economy contracted by 17.1% in the second quarter of 2020 (1Q 2020: 0.7%). The decline reflected the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically. In Malaysia, the nationwide MCO included various measures that restricted production and consumption activities. This resulted in demand and supply shocks that emanated not only from significantly weak external demand conditions, but also production constraints in many economic sectors. Additionally, there was a marked decline in tourism activity due to international border closures and restricted interstate travel. On the supply side, most economic sectors registered negative growth, while most expenditure components declined. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 16.5%.

Economic activity has resumed since the economy began to reopen in early May 2020. Consequently, growth is expected to have troughed in the second quarter of 2020, with a gradual recovery in the second half. This outlook is underpinned by the rebound of key indicators such as wholesale and retail trade, industrial production, gross exports, and electricity generation.

This improvement in growth will also be supported by the recovery in global growth and continued domestic policy support. In particular, consumption and investment activities are projected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. With the reopening of economic activities, a concurrent improvement in labour market conditions is expected. Overall, the Malaysian economy is therefore forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

In 2Q 2020, gross exports declined by 14.3% (1Q 2020: 1.1%) weighed by weaker growth in both manufactured and commodities exports. Gross imports contracted by 15.1% (1Q 2020: 1.3%) due to lower intermediate and consumption imports. The trade surplus narrowed to RM27.6 billion (1Q 2020: RM37.0 billion).

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

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2019 was a challenging year. Globally, there were unresolved trade tensions, a slowdown in investments and trade activity, heightened financial market volatility, country-specific risks and geopolitical uncertainties. As a highly open economy, the Malaysian economy was affected by these global developments. In addition, weakness in investment activity and supply disruptions in the commodities sector also affected domestic economic activity. Economic growth thus expanded by 4.3% (2018: 4.7%), driven by private sector spending. In particular, household spending was supported by continued income and employment growth, as well as Government measures. Meanwhile, price pressures were subdued throughout the year. Headline inflation averaged at 0.7% in 2019 (2018: 1.0%). The low inflation was due mainly to policies on retail fuel prices and festive price controls, as well as the changes in consumption tax policy in 2018, which resulted in lower price pressures.

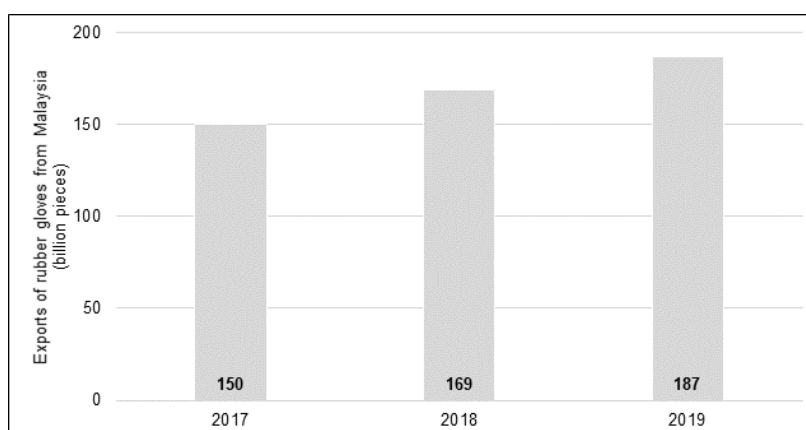
(Source: Annual Report 2019, Bank Negara Malaysia)

9.2 Outlook and prospects of the rubber glove exports in Malaysia

In 2019, Malaysia is the world's largest exporter of rubber gloves, where exports of rubber gloves from Malaysia contributed to 63.18% of total global demand for rubber gloves.

To cater to the demand for rubber gloves globally, exports of rubber gloves from Malaysia increased from 150 billion pieces in 2017 to 187 billion pieces in 2019 at a CAGR of 11.65%.

Exports of rubber gloves from Malaysia, 2017 – 2019

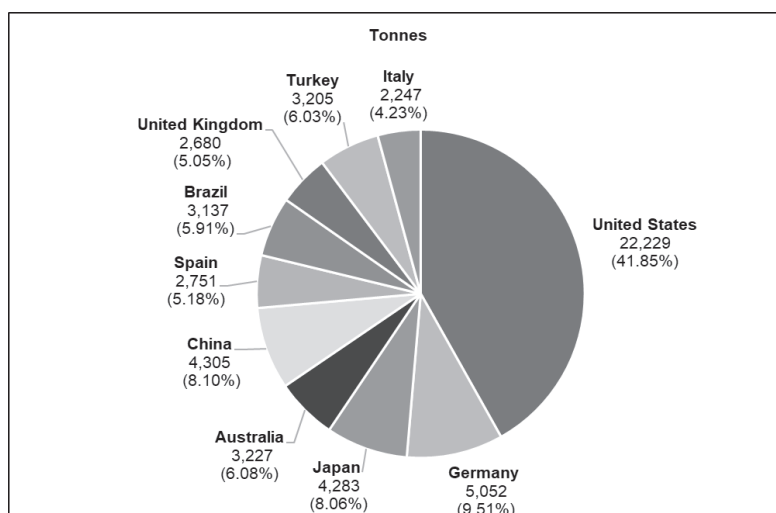


MARGMA expects exports of rubber gloves from Malaysia to reach 220 billion pieces in 2020, an increase of 17.65% from 2019 to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic.

Based on latest available data, in May 2020, the top export countries of rubber gloves from Malaysia in terms of tonnage is United States (41.85%) followed by Germany (9.51%).

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Top 10 export countries of rubber gloves from Malaysia (May 2020)



Malaysia is a major producer of rubber gloves with approximately 69 rubber glove manufacturing companies. The manufacturing activities of rubber gloves have been increasing to support the increasing exports of rubber gloves from Malaysia to cater for the increasing global demand for rubber gloves.

The growth of rubber glove manufacturing activities in Malaysia is attributed to low production costs, easy access to raw materials and stringent testing to meet international standards, making Malaysian-produced rubber gloves reliable and cost-effective.

Further, rubber glove manufacturing activities in Malaysia grows significantly during epidemic and pandemic disease outbreaks such as Severe Acute Respiratory Syndrome (SARS) in 2003, Ebola virus disease (Ebola) in 2014-2016, Middle East Respiratory Syndrome (MERS) in 2015 and the recent COVID-19 in 2020, as demand for rubber gloves primarily in the healthcare industry, rises substantially during these times. The increase in demand due to the COVID-19 pandemic has led to rising utilisation rates to nearly 100% of production capacity among rubber glove manufacturers in Malaysia.

As such, rubber glove manufacturers seek continuous technological upgrades of rubber glove manufacturing processes and glove-dipping lines to meet rising demand through improved efficiencies such as time, speed, quality, energy usage and cost of glove manufacturing. The need for continuous upgrades of glove-dipping lines grows with increasing demand for rubber gloves.

One of the aspects of technological upgrades in rubber glove manufacturing activities is the increase in automation of glove-dipping lines. Increased automation during the manufacturing of rubber gloves will speed up production, thus increasing the production volume of rubber gloves manufactured in a given time. In line with the increase in automation to replace manual labour, rubber glove manufacturers will be able to reduce reliance on manual labour required to transfer semi-finished rubber gloves from one machine to another.

According to MARGMA, the rubber glove manufacturers have already taken an oversold position prior to the widespread outbreak of the COVID-19 pandemic, thus resulting in new order deliveries of rubber gloves to take between 90 to 120 days. In addition, as a result of the oversold position and surge in demand for medical gloves globally due to the on-going COVID-19 pandemic, rubber glove manufacturers are experiencing higher sales for their rubber gloves and at higher average selling prices.

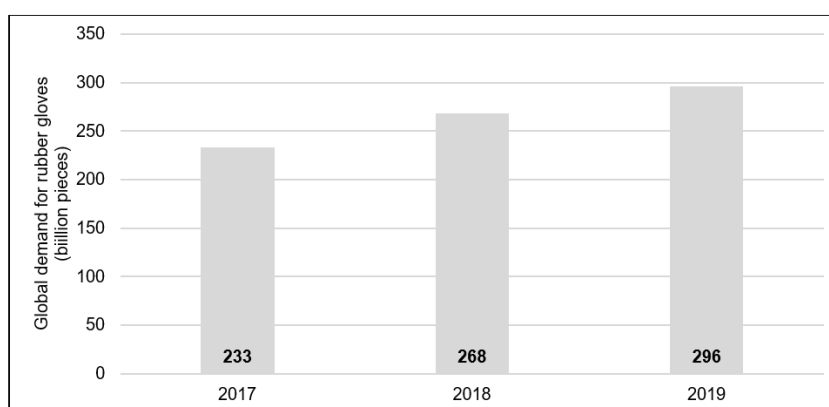
(Source: IMR Report prepared by Smith Zander)

9.3 Outlook and prospects of the global rubber glove market

The global rubber glove market size, as represented by the global demand for rubber gloves, increased from 233 billion pieces in 2017 to 296 billion pieces in 2019, at a CAGR of 12.71%.

As a result of the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic, MARGMA expects global demand for rubber gloves to reach 330 billion pieces in 2020, an increase of 11.49% from 2019.

Rubber glove market size (Global), 2017 – 2019



(Source: IMR Report prepared by Smith Zander)

9.4 Demand for the rubber gloves

If the COVID-19 infection rates globally remain high, the global demand for rubber gloves is expected to continue rising in the near term.

Moving forward, the outlook of the global rubber glove market is positive, premised on the following:-

- (i) The demand for personal protective equipment to curb the spread of COVID-19 pandemic boosts the demand for medical gloves. As of 20 September 2020, COVID-19 has affected 216 countries, areas or territories, infecting 30.68 million persons and causing 954,417 deaths.

According to the WHO, an estimated of 76 million pieces of examination gloves are required for the COVID-19 response each month. Hence, the need for medical gloves as personal protective equipment during the COVID-19 pandemic will boost the demand for rubber gloves, especially in countries that are severely affected.

- (ii) The growth in healthcare services drives the demand for medical gloves. Medical gloves are used by healthcare professionals who attend to patients during the provision of healthcare services. They protect healthcare professionals against infection and exposure to potential viruses, bacteria and contaminants in the form of aerosols and liquid droplets carried in patients' body fluids or blood, which subsequently eliminate or reduce the chances of cross-contamination among healthcare professionals and patients. As such, the increase in the demand for healthcare services will drive the demand for rubber gloves including medical gloves.

The global healthcare services industry grew in terms of global healthcare expenditure, which increased from USD7.33 trillion (RM28.64 trillion) in 2015 to USD7.97 trillion (RM34.28 trillion) in 2017, at a CAGR of 4.27%.

The demand for healthcare services is driven by various factors including growing accessibility to healthcare services, rising population and growing ageing population and rising prevalence of chronic and contagious diseases.

Smith Zander forecasts global healthcare expenditure to increase from USD7.97 trillion (RM34.28 trillion) in 2017 to USD9.05 trillion (RM38.34 trillion) in 2020, at a CAGR of 4.33%.

- (iii) The growth in the global industrial production activities in the manufacturing sector drives the demand for industrial gloves. The global manufacturing sector, as measured by manufacturing value added, grew from USD13.03 trillion (RM56.04 trillion) in 2017 to USD13.84 trillion (RM57.33 trillion) in 2019, registering a CAGR of 3.06%. Industrial gloves are a form of protective wear used during industrial production activities of the manufacturing sector to cover and protect the hands from hazardous chemical, metal cuts, glass cuts and high-temperature sources. In addition, strict government regulations for workplace safety and increasing incidence of accidents in workplaces globally are expected to continue driving the demand for industrial gloves as a form of protective wear.

According to the United Nations Industrial Development Organization, the global manufacturing sector, as measured by manufacturing value added is forecast to decline by 8.40% from USD13.84 trillion (RM57.33 trillion) in 2019 to USD12.68 trillion (RM53.72 trillion) in 2020. The global manufacturing sector is expected to experience a negative growth in 2020 due to the imposition of lockdowns, temporary closure or disruption in manufacturing operations in the respective countries to curb the spread of COVID-19. However, moving forward, the global manufacturing sector is expected to continue to grow once the outbreak of the COVID-19 subsides.

(Source: IMR Report prepared by Smith Zander)

9.5 Prospects and future plans for the Group

The Group is principally involved in the production of CPKO as well as trading of refined palm oil products and CPKO. CPKO is produced through the extraction process of palm kernel while refined palm oil is produced after crude palm oil has undergone the refinery and distillation processes. CPKO and refined palm oil products are widely used as raw materials for the food industries.

The Group has been facing challenges in the production of CPKO as the market prices for crude palm commodities have remained subdued. This is due to an oversupply of CPKO, higher forecast for inventories or palm oil products and weaker demands. In view of this, the Board has decided to temporarily cease its production of CPKO in August 2019 and is currently focusing on the trading and supply of refined palm oil products. Nonetheless, the Group intends to resume the production of CPKO should the market prices for crude palm commodities become favourable.

The proposed diversification into the Gloves Business represents an opportunity to the Group that is expected to provide an additional stream of income to the Group while capitalising on the surge in global demand of gloves resulting from the COVID-19 pandemic, as set out under Section 9.4 above. The Proposed Diversification is also expected to help mitigate potential downside risks of the Group arising from the wide-ranging effects of the COVID-19 pandemic to the local and global economy.

The Proposed Private Placement and Proposed Rights Issue with Warrants are proposed to be undertaken to raise funds mainly for the Gloves Business.

Moving forward, the Group will focus on improving its business strategy by streamlining its operations and continued monitoring of the market demand for crude palm commodities. In respect of the Gloves Business, the Group may from time to time assess the manufacturing capacity of its glove-dipping lines and may expand the glove-dipping lines to 12 lines as and when required, as detailed in Section 6 of this Circular.

Premised on the above as well as the positive outlook and prospects of the rubber glove industry in Malaysia and globally, the management is optimistic about the Group's future prospects.

10. EFFECTS OF THE PROPOSALS

10.1 Share capital

10.1.1 Proposed Diversification

The Proposed Diversification is not expected to have any effect on the share capital of the Company.

10.1.2 Proposed Private Placement and Proposed Rights Issue with Warrants

The pro forma effects of the Proposed Private Placement and Proposed Rights Issue with Warrants on the share capital of the Company are as follows:-

| | Minimum Scenario | | Maximum Scenario | |
|--|--------------------|---------------------------|----------------------|----------------------------|
| | No. of Shares | Share capital (RM) | No. of Shares | Share capital (RM) |
| Issued share capital as at the LPD | 318,681,800 | 41,550,707 | 318,681,800 | 41,550,707 |
| New Placement Shares to be issued pursuant to the Proposed Private Placement | 95,605,000 | ⁽¹⁾ 18,786,383 | 95,605,000 | ⁽¹⁾ 18,786,383 |
| Enlarged issued share capital after the Proposed Private Placement | 414,286,800 | 60,337,090 | 414,286,800 | 60,337,090 |
| New Shares to be issued pursuant to the Proposed Rights Issue with Warrants | 100,000,000 | ⁽²⁾ 7,522,844 | 828,573,600 | ⁽²⁾ 73,188,046 |
| Enlarged issued share capital after the Proposed Rights Issue with Warrants | 514,286,800 | 67,859,934 | 1,242,860,400 | 133,525,136 |
| New Shares to be issued assuming full exercise of the Warrants B | 75,000,000 | ⁽³⁾ 18,487,156 | 621,430,200 | ⁽³⁾ 153,179,694 |
| Enlarged issued share capital | 589,286,800 | 86,347,090 | 1,864,290,600 | 286,704,830 |

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Notes:-

- (1) Based on the illustrative issue price of RM0.1965 per Placement Share.
- (2) Based on the illustrative issue price of RM0.125 per Rights Share and after accounting for the adjustments for the apportionment of the relative illustrative fair values of the Rights Shares of RM0.2456 per Share and the Warrants B of RM0.1267 (computed based on the Trinomial option pricing model with data sourced from Bloomberg) between the share capital account and the warrants reserve account as well as estimated expenses incidental to the Proposals of approximately RM1.49 million.
- (3) Assuming full exercise of the Warrants B based on the illustrative exercise price of RM0.20 each and after accounting for the reversal of warrants reserve.

10.1.3 Proposed ESOS

The Proposed ESOS is not expected to have an immediate effect on the Company's share capital until such time when the Options are exercised. The Company's share capital will increase progressively depending on:-

- (i) the number of Shares which are issued pursuant to the exercise of the Options; and
- (ii) the Option Price.

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10.2 NA and gearing

10.2.1 Proposed Diversification

The Proposed Diversification is not expected to have any immediate effect on the NA and gearing of the Group.

10.2.2 Proposed Private Placement and Proposed Rights Issue with Warrants

The pro forma effects of the Proposed Private Placement and Proposed Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

| Group level | Audited as at 31 March 2019 (RM'000) | (I) After adjusting for subsequent event ⁽¹⁾ (RM'000) | (II) After Proposed Private Placement ⁽²⁾ (RM'000) | (III) After (II) and Proposed Rights Issue with Warrants ⁽³⁾⁽⁴⁾ (RM'000) | (IV) After (III) and assuming full exercise of Warrants B ⁽⁵⁾ (RM'000) |
|-------------------------------|--|---|--|---|---|
| Share capital | 34,189 | 41,551 | 60,337 | 67,860 | 86,347 |
| Revaluation reserve | 8,930 | 8,930 | 8,930 | 8,930 | 8,930 |
| Warrant reserve | - | - | - | 3,487 | - |
| Accumulated losses | (21,127) | (21,127) | (21,127) | (21,127) | (21,127) |
| Total equity / NA | 21,992 | 29,354 | 48,140 | 59,150 | 74,150 |
| No. of Shares in issue ('000) | | | | | |
| NA per Share (RM) | 289,711 0.08 | 318,682 0.09 | 414,287 0.12 | 514,287 0.12 | 589,287 0.13 |
| Total borrowings (RM'000) | 27,640 | 24,640 | 24,640 | (6)5,740 | 5,740 |
| Gearing ratio (times) | 1.26 | 0.84 | 0.51 | 0.10 | 0.08 |

Notes:-

- (1) After accounting for the issuance of 28,971,000 new Shares at the issue price of RM0.261 on 24 August 2020 arising from the Private Placement 2020, expenses incidental to the Private Placement 2020 of RM200,000 and repayment of bank borrowings of RM3 million from the proceeds of the Private Placement 2020.
- (2) Based on the issuance of 95,605,000 Placement Shares at an illustrative issue price of RM0.1965 per Placement Share.
- (3) Based on the issuance of 100,000,000 Rights Shares at an illustrative issue price of RM0.125 each together with 75,000,000 Warrants B.

- (4) After accounting for the adjustments for the apportionment of the relative illustrative fair values of the Rights Shares of RM0.2456 per Share and the Warrants B of RM0.1267 (computed based on the Trinomial option pricing model with data sourced from Bloomberg) between the share capital account and the warrants reserve account as well as estimated expenses incidental to the Proposals of approximately RM1.49 million.
- (5) Based on an illustrative exercise price of RM0.20 per Warrant B and after accounting for the reversal of warrant reserve.
- (6) As set out in Section 6 of this Circular, proceeds of RM18.9 million from the Proposed Private Placement and Proposed Rights Issue with Warrants will be utilised for the repayment of bank borrowings.

Maximum Scenario

| Group level | Audited as at 31 March 2019 (RM'000) | (I) After adjusting for subsequent event ⁽¹⁾ (RM'000) | (II) After Proposed Private Placement ⁽²⁾ (RM'000) | (III) After (II) and Proposed Rights Issue with Warrants ⁽³⁾⁽⁴⁾ (RM'000) | (IV) After (III) and assuming full exercise of Warrants B ⁽⁵⁾ (RM'000) |
|--|--|---|--|---|---|
| Share capital | 34,189 | 41,551 | 60,337 | 133,525 | 286,705 |
| Revaluation reserve | 8,930 | 8,930 | 8,930 | 8,930 | 8,930 |
| Warrant reserve | - | - | - | 28,894 | - |
| Accumulated losses | (21,127) | (21,127) | (21,127) | (21,127) | (21,127) |
| Total equity / NA | 21,992 | 29,354 | 48,140 | 150,222 | 274,508 |
| No. of Shares in issue ('000) NA per Share (RM) | 289,711 0.08 | 318,682 0.09 | 414,287 0.12 | 1,242,860 0.12 | 1,864,291 0.15 |
| Total borrowings (RM'000) Gearing ratio (times) | 27,640 1.26 | 24,640 0.84 | 24,640 0.51 | (6)5,740 0.04 | 5,740 0.02 |

Notes:-

- (1) After accounting for the issuance of 28,971,000 new Shares at the issue price of RM0.261 on 24 August 2020 arising from the Private Placement 2020, expenses incidental to the Private Placement 2020 of RM200,000 and repayment of bank borrowings of RM3 million from the proceeds of the Private Placement 2020.
- (2) Based on the issuance of 95,605,000 Placement Shares at an illustrative issue price of RM0.1965 per Placement Share.
- (3) Based on the issuance of 828,573,600 Rights Shares at an illustrative issue price of RM0.125 per Rights Share together with 621,430,200 Warrants B.
- (4) After accounting for the adjustments for the apportionment of the relative illustrative fair values of the Rights Shares of RM0.2456 per Share and the Warrants B of RM0.1267 (computed based on the Trinomial option pricing model with data sourced from Bloomberg) between the share capital account and the warrants reserve account as well as estimated expenses incidental to the Proposals of approximately RM1.49 million.
- (5) Based on an illustrative exercise price of RM0.20 per Warrant B and after accounting for the reversal of warrant reserve.

- (6) As set out in Section 6 of this Circular, proceeds of RM18.9 million from the Proposed Private Placement and Proposed Rights Issue with Warrants will be utilised for the repayment of bank borrowings.

10.2.3 Proposed ESOS

The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the Options granted under the Scheme are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the Options granted under the Scheme and the Option Price.

For illustrative purposes, upon exercise of the Options under the Proposed ESOS, the NA per Share is expected to:-

- (i) increase if the Option Price is higher than the NA per Share; or
- (ii) decrease if the Option Price is lower than the NA per Share,

at such point of exercise of the Options.

10.3 Substantial Shareholders' shareholdings

10.3.1 Proposed Diversification

The Proposed Diversification is not expected to have any effect on the substantial Shareholders' shareholdings in the Company.

10.3.2 Proposed Private Placement and Proposed Rights Issue with Warrants

The pro forma effects of the Proposed Private Placement and Proposed Rights Issue with Warrants on the substantial Shareholders' shareholdings based on the Record of Depositors of the Company as at the LPD are as follows:-

Minimum Scenario

| Substantial Shareholder | As at the LPD | | | | (i) After the Proposed Private Placement | | | |
|-------------------------|---------------|-------|---------------|------|--|-------|---------------|------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Mak Siew Wei | 49,452,950 | 15.52 | - | - | 49,452,950 | 11.94 | - | - |

| | (II) After (I) and the Proposed Rights Issue with Warrants | | | (III) After (II) and assuming full exercise of the Warrants B | | |
|-------------------------|---|-------|---------------|--|---------------|----------|
| | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | (3)% | No. of Shares | (3)% | No. of Shares | (4)% |
| Substantial Shareholder | 149,452,950 | 29.06 | - | - | 224,452,950 | 38.09 |
| Mak Siew Wei | | | | | | - |

Notes:-

- (1) Based on the issued share capital of 318,681,800 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 414,286,800 Shares.
- (3) Based on the enlarged issued share capital of 514,286,800 Shares.
- (4) Based on the enlarged issued share capital of 589,286,800 Shares.

Maximum Scenario

| | (I) As at the LPD | | | (I) After the Proposed Private Placement | | |
|-------------------------|----------------------|-------|---------------|---|---------------|----------|
| | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% |
| Substantial Shareholder | 49,452,950 | 15.52 | - | - | 49,452,950 | 11.94 |
| Mak Siew Wei | | | | | | - |

| | (II) After (I) and the Proposed Rights Issue with Warrants | | | (III) After (II) and assuming full exercise of the Warrants B | | |
|-------------------------|---|-------|---------------|--|---------------|----------|
| | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | (34)% | No. of Shares | (34)% | No. of Shares | (4)% |
| Substantial Shareholder | 148,358,850 | 11.94 | - | - | 222,538,275 | 11.94 |
| Mak Siew Wei | | | | | | - |

Notes:-

- (1) Based on the issued share capital of 318,681,800 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 414,286,800 Shares.
- (3) Based on the enlarged issued share capital of 1,242,860,400 Shares.
- (4) Based on the enlarged issued share capital of 1,864,290,600 Shares.

10.3.3 Proposed ESOS

The Proposed ESOS is not expected to have any immediate effect on the substantial Shareholders' shareholdings in the Company until and unless new Shares are issued pursuant to the exercise of the Options. Any potential effect on the substantial Shareholders' shareholdings in the Company would depend on the number of new Shares to be issued at the relevant point in time.

10.4 Earnings and EPS

10.4.1 Proposed Diversification

The Proposed Diversification is expected to contribute positively to the future earnings of the Group.

10.4.2 Proposed Private Placement and Proposed Rights Issue with Warrants

The Board expects the Proposed Private Placement and Proposed Rights Issue with Warrants to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in Section 6 of this Circular.

Subsequent to the completion of the Proposed Private Placement and Proposed Rights Issue with Warrants, the EPS shall be correspondingly diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement and Proposed Rights Issue with Warrants.

The potential effects of the Proposed Private Placement and the Proposed Rights Issue with Warrants on the consolidated earnings of the Company moving forward will depend on, amongst others, the number of Placement Shares and Right Shares to be issued and the benefits to be derived from the utilisation of the proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue with Warrants. In turn, this would depend on the performance of the Gloves Business, which is expected to contribute positively to the future earnings of the Group in view of the prospects for the gloves industry as set out in Sections 9.3, 9.4 and 9.5 of this Circular.

10.4.3 Proposed ESOS

Apart from the estimated expenses to be incurred for the Proposed ESOS, the Proposed ESOS is not expected to have any immediate effect on the earnings and EPS of the Group until such time when the Options are granted and exercised.

Any potential effect on the EPS of the Group in the future will depend on the number of Options granted and exercised, the Option Price and the non-cash expenses arising from the granting of the Options under MFRS 2.

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the Options and recognised as an expense in the profit or loss account of the Group over the vesting period of such Options. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment.

The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of Options to the Eligible Persons.

10.5 Convertible securities

The Company does not have any outstanding convertible securities as at the LPD.

11. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposals is as follows:-

| Date | Events |
|------------------------|---|
| 27 October 2020 | EGM for the Proposals Completion of the Proposed Diversification |
| Fourth quarter of 2020 | Listing and quotation of the Placement Shares and completion of the Proposed Private Placement |
| First quarter of 2021 | Announcement of the Entitlement Date Entitlement Date Despatch of the abridged prospectus, notice of provisional allotment and rights subscription forms Closing date of application for the Rights Shares with Warrants B |
| First quarter of 2021 | Listing and quotation of the Rights Shares and Warrants B Completion of the Proposed Rights Issue with Warrants |
| First quarter of 2021 | Establishment of the ESOS |

12. APPROVALS REQUIRED AND CONDITIONALITY

12.1 Approvals required

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities for the following:-
 - (a) listing and quotation of up to 95,605,000 Placement Shares to be issued pursuant to the Proposed Private Placement;
 - (b) admission of the Warrants B to the Official List;
 - (c) listing and quotation of up to 828,573,600 Rights Shares and up to 621,430,200 Warrants B on the ACE Market of Bursa Securities;
 - (d) listing and quotation of up to 621,430,200 new Shares to be issued upon the exercise of the Warrants B on the ACE Market of Bursa Securities; and
 - (e) listing and quotation of such number of additional new Shares, representing up to 30% of the total number of issued Shares of the Company (excluding treasury shares), to be issued upon exercise of Options under the Proposed ESOS.

The approval by Bursa Securities for the above was obtained via its letter dated 6 October 2020, subject to the following conditions:-

| Conditions imposed by Bursa Securities | Status of compliance |
|---|----------------------|
| 1. Green Ocean and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement and Proposed Rights Issue with Warrants; | To be complied |

| Conditions imposed by Bursa Securities | Status of compliance |
|---|----------------------|
| 2. Green Ocean and Mercury Securities to inform Bursa Securities upon completion of the Proposed Private Placement and Proposed Rights Issue with Warrants; | To be complied |
| 3. Green Ocean to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement and Proposed Rights Issue with Warrants are completed; | To be complied |
| 4. Green Ocean to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of the Warrants B as at the end of each quarter together with a detailed computation of listing fees payable; | To be complied |
| 5. Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the Shareholders in a general meeting; and | To be complied |
| 6. Green Ocean is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Options under the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable. | To be complied |

- (ii) Shareholders at the forthcoming EGM; and
- (iii) any other relevant authorities and/or parties, if required.

12.2 Conditionality

The Proposed Diversification, Proposed Private Placement, Proposed Rights Issue with Warrants and Proposed ESOS are not conditional upon each other.

Save for the above, the Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

14. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

14.1 Proposed Diversification and Proposed Private Placement

None of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Diversification and Proposed Private Placement.

14.2 Proposed Rights Issue with Warrants

None of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess shares applications), to which all Entitled Shareholders are similarly entitled.

14.3 Proposed ESOS

All Directors and chief executive of the Company are deemed interested in the Proposed ESOS by virtue of their eligibility for the Options in their capacity as Directors and chief executive and in respect of their specific allocations (where applicable) as well as specific allocations to persons connected with them under the Proposed ESOS (where applicable).

Nonetheless, at this juncture the Board currently does not have any plans to allocate any Options to the Directors, chief executive of the Company and/or persons connected with them. Shareholders' prior approval will be sought for specific allocations to the Directors, chief executive of the Company and/or persons connected with them, if the Company or Board plan to do so in the future. The ESOS Committee will have the absolute discretion in administering the Scheme in accordance with the provisions of the By-Laws.

If there are any specific allocation of Options to the Directors, chief executive of the Company or to any persons connected with them (where applicable) in the future, the Directors will abstain from all Board deliberations and voting in respect of any specific allocation of Options to themselves respectively as well as the specific allocations to any persons connected with them (where applicable) at the relevant Board meetings of the Company.

Further, the Directors and chief executive of the Company further undertake to ensure each of them and the persons connected with them will abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to their respective specific allocation of Options as well as the specific allocations to any persons connected with them (where applicable) under the Proposed ESOS at a general meeting to be convened in the future, if applicable.

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15. ADDITIONAL INFORMATION

15.1 Commentary on the financial performance and financial position of the Group

The following table sets out a summary of the audited financial performance and financial position of the Group for past 3 financial years 2017, 2018 and 2019 as well as its latest unaudited financial performance and financial position for the 15-month FPE 30 June 2020:-

| | Audited | | | Unaudited |
|--|-------------------|-------------------|-------------------|--|
| | FYE 31 March 2017 | FYE 31 March 2018 | FYE 31 March 2019 | 15-month FPE 30 June 2020 ⁽¹⁾ |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 200,960 | 154,672 | 361,477 | 222,844 |
| Cost of sales | (199,458) | (159,305) | (355,889) | (229,027) |
| GP / (GL) | 1,502 | (4,633) | 5,588 | (6,183) |
| Other income | 161 | 157 | 371 | 88 |
| Administrative expenses | (19) | (1,449) | (2,355) | (2,913) |
| Selling and distribution costs | (2) | (50) | (347) | (525) |
| Other expenses | (1,349) | (1,165) | (56) | - |
| Finance costs | (157) | (371) | (1,272) | (1,302) |
| PBT / (LBT) | 136 | (7,511) | 1,929 | (10,835) |
| Tax income / (expense) | - | - | (4) | (4) |
| PAT / (LAT) | 136 | (7,511) | 1,925 | (10,839) |
| GP / (GL) margin (%) | 0.75 | (3.00) | 1.55 | (2.77) |
| PAT / (LAT) margin (%) | 0.07 | (4.86) | 0.53 | (4.86) |
| Weighted average no. of Shares in issue ('000) | 263,374 | 272,682 | 289,711 | 289,711 |
| EPS / LPS (sen) - basic | 0.05 | (2.75) | 0.66 | (3.74) |
| Current ratio (times) | 1.11 | 1.06 | 1.09 | 0.73 |
| Total borrowings | 6,563 | 15,256 | 27,640 | 21,776 |
| Gearing ratio (times) | 0.32 | 0.76 | 1.26 | 1.95 |

Note:-

(1) As a result of the change in the Group's financial year end from 31 March to 30 June as announced by the Company on 26 August 2020, there were no comparative figures for 15-month FPE 30 June 2020.

(i) 15-month FPE 30 June 2020 vs FYE 31 March 2019

The Group's revenue decreased by RM183.2 million or 50.7% from RM361.5 million in FYE 31 March 2019 to RM178.3 million in FPE 30 June 2020 on an annualised basis. The decrease in revenue was mainly due to the following:-

- (a) general decrease in market price of CPKO. The average market price of CPKO decreased by approximately 14.8% from RM3,247 per tonne in FYE 31 March 2019 to RM2,768 per tonne in FPE 30 June 2020;
- (b) management decision to limit the production of CPKO and palm kernel expeller including the temporary suspension of the Group's palm kernel crushing plant in order to minimise risk exposure due to the uncertainty of CPKO market price;

- (c) decrease in quantity of refined palm oil and CPKO sold by 37.7% from 175,643 MT in FYE 31 March 2019 to 109,427 MT in FPE 30 June 2020; and
- (d) absence of the Tolling Contract (as detailed in Section 15.1(ii)b below) which was not renewed by the Group's customer due to the downtrend of CPKO market price.

The Group recorded an annualised GL of RM4.9 million (GL margin: 2.77%) in 15-month FPE 30 June 2020 as compared to GP of RM5.6 million (GP margin: 1.55%) in FYE 31 March 2019, representing a decrease of 10.5 million. Apart from the lower annualised revenue recorded in 15-month FPE 30 June 2020 due to the reasons as mentioned above, the erosion of GP margin was also because the Group is unable to reduce its production cost for CPKO to cope with the decrease in CPKO market price.

In line with the annualised GL recorded in 15-month FPE 30 June 2020, the Group recorded annualised LAT of RM8.7 million in the same period as compared to PAT of RM1.9 million for FYE 31 March 2019.

(ii) **FYE 31 March 2019 vs FYE 31 March 2018**

The Group's revenue increased by RM206.8 million or 133.7 % from RM154.7 million in FYE 31 March 2018 to RM361.5 million in FYE 31 March 2019. The increase in revenue was mainly due to:-

- (a) increase in quantity of CPKO and palm kernel expeller produced and sold by 389.7% from 35,865 MT in FYE 31 March 2018 to 175,643 MT in FYE 31 March 2019;
- (b) a 10-month back to back purchase contract secured for the period from 1 March 2018 to 31 December 2018 to purchase Roundtable Sustainable Palm Oil ("**RSPO**") palm kernel and process the palm kernel into mass balance CPKO ("**Tolling Contract**").

Under the terms of the Tolling Contract, the Group charges the customer a tolling fee to process the RSPO palm kernel into mass balance CPKO at an agreed extraction rate of 45.5%. The purchase price of RSPO palm kernel as well as the selling price of mass balance CPKO is determined on a monthly basis. The Tolling Project generated a gross revenue of approximately RM40.0 million during the FYE 31 March 2019 (FYE 2018: RM3.7 million); and

- (c) higher revenue generated from trading of refined palm oil and CPKO as the Group received larger orders from existing customers as well as new customers secured during the FYE 31 March 2019.

The Group recorded a GP of RM5.6 million (GP margin: 1.6%) in FYE 31 March 2019 as compared to a GL of RM4.6 million (GL margin: 3.0%) in 31 March 2018. The increase in GP was mainly due to the Tolling Contract which yielded higher GP margin. The Group was able to minimise the financial impact of the declining market price of CPKO through the Tolling Project as the purchase price of RSPO palm kernel and the selling price of mass balance CPKO are pre-agreed on a monthly basis. In addition to the tolling fee income, the Group was also able to achieve a higher extraction rate of 46.2% which increased the profitability of the Tolling Project.

The Group recorded a PAT of RM1.9 million for FYE 31 March 2019 as compared to a LAT of RM7.5 million for the previous financial year. This was mainly attributable to:-

- (a) lower write-down of inventory amounting to RM1.2 million (FYE 31 March 2018: RM 2.7 million);
- (b) non-presence of impairment of a manufacturing plant which occurred in the previous financial year (FYE 31 March 2018: RM 1.2 million); and
- (c) lower depreciation expenses of RM0.5 million due to impairment of a manufacturing plant in the previous financial year (FYE 31 March 2018: RM 1.3 million).

(iii) FYE 31 March 2018 vs FYE 31 March 2017

The Group's revenue decreased by RM46.3 million or 23.0% from RM201.0 million in FYE 31 March 2017 to RM154.7 million in FYE 31 March 2018. The decrease in revenue was mainly due to the following:-

- (a) general decrease in the average market price of CPKO by approximately 27.4% from RM5,400 per tonne in FYE 31 March 2017 to RM3,920 per tonne in FYE 31 March 2018; and
- (b) decrease in revenue from overseas customers as the increase in import tariff in certain overseas countries has caused the palm oil to be less competitive as compared to other vegetable oils.

The Group recorded a GL of RM4.6 million (GL margin: 3.0%) in FYE 31 March 2018 as compared to a GP of RM1.5 million (GP margin: 0.75%) in 31 March 2017. This was mainly due to the lower selling price of CPKO by the Group as a result of lower average market price of CPKO which decreased by approximately 27.4% from RM5,400 per tonne in FYE 31 March 2017 to RM 3,920 per tonne in FYE 31 March 2018.

The Group recorded LAT of RM7.5 million for FYE 31 March 2018 as compared to PAT of RM0.1 million for the previous financial year. This was mainly attributable to:-

- (a) inventories written down amounting to RM2.7 million as the net realisable value of its CPKO inventories decreased in line with the market price of CPKO (FYE: 31 March 2017: RM0.7 million); and
- (b) impairment of fixed assets amounting to RM1.2 million in relation to the Group's manufacturing plant to produce Novelin (a premium and healthier alternative of cooking oil) which has ceased operation (FYE: 31 March 2017: nil).

15.2 Steps undertaken to improve the financial condition of the Group

The Group has been facing challenges in the production of CPKO as the market prices for crude palm commodities have remained subdued. This is due to an increased supply of CPKO, higher forecast for inventories or palm oil products and weaker demands. In view of this, the Board decided to cease its production of CPKO in August 2019 and is currently focusing on the trading and supply of refined palm oil products.

The Group has undertaken the following initiatives to improve its financial condition:-

- (i) undergone a mutual separation scheme (“**MSS**”) exercise in March 2020 to reduce the number of redundant employees within the Group. The MSS was concluded in June 2020. Following the conclusion of the MSS, the Group’s total number of employees reduced from 11 employees to 6 employees including 2 production workers who are under contract;
- (ii) shifted its focus to the trading and supply of refined palm oil and CPKO purchased from its suppliers since September 2019. The management adopts a quick turnaround trading position where the Group will purchase, hold and sell the product with a targeted profit margin within a shorter period. This is to minimise the financial impact and exposure of the Group to the volatile and uncertain market price of CPKO;
- (iii) on 17 June 2019, the Group had via its wholly-owned subsidiary, ACE Green Energy Sdn Bhd entered into a joint venture agreement with NSN Global Resources Sdn Bhd to collaborate on coal trading and handling of coal cargo in Port Lumut through a joint venture company.

As at the LPD, the joint venture company had imported and traded 4,600 MT of coal which were sourced from Indonesia. However, the coal trading activities was temporary ceased since the outbreak of the COVID-19 pandemic. This is because the movement restriction order in Indonesia has restricted the audit and assessment of new coal sources in Indonesia. The Group expects to resume the coal trading activities by the end of fourth quarter of 2020; and

- (iv) completed the Private Placement 2020 on 26 August 2020, which raised proceeds of RM7.6 million to mainly fund the Group’s existing working capital and repayment of its bank borrowings. The Private Placement 2020 was undertaken to strengthen the financial position of the Group as the proceeds that will be partly utilised for repayment of bank borrowings will reduce the overall gearing and results in interest saving for the Group. It was also an interim measure for the Group to address its immediate short term working capital requirements.

15.3 Impact of the Proposals to the Company and its Shareholders

As set out in Section 2.1 of this Circular, the Proposed Diversification allows the Group to capitalise on a booming segment with favourable long-term prospects while making the most out of the opportunities created by the COVID-19 pandemic. Moreover, the Group’s venture into the Gloves Business through the Proposed Diversification will provide an alternative source of income to the Group’s current core business. The Gloves Business is expected to contribute positively to the Group’s financial performance.

The Proposed Private Placement and Proposed Rights Issue with Warrants will enable the Group to raise funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs and preserving the Group’s cash flow.

As set out in Section 6 of this Circular, the proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue with Warrants are intended to be utilised mainly to fund the Group’s venture into the Gloves Business and the repayment of bank borrowings.

Based on the prospects of the rubber gloves industry as set out in Sections 9.2, 9.3 and 9.4 of this Circular, the Group expects the Gloves Business to contribute positively to the future earnings of the Group. Meanwhile, the repayment of bank borrowings is expected to result in interest savings.

Notwithstanding the above, the consolidated EPS of the Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement and Proposed Rights Issue with Warrants. Further details on the effects of the Proposed Private Placement and Proposed Rights Issue with Warrants on the NA and gearing as well as the earnings and EPS of the Group are set out in Section 10 of this Circular.

The Proposed ESOS was established to, amongst others, motivate, reward and retain the Eligible Persons. Further, any proceeds to be received by the Company pursuant to the exercise of the Options will be utilised for the Company's working capital purposes.

15.4 Value creation to the Company and its Shareholders

Despite the expected dilution in the consolidated EPS of the Company due to the Proposed Private Placement and Proposed Rights Issue with Warrants, the Proposals are expected to generate the benefits as disclosed in Section 15.3 of this Circular. The Proposed Diversification which entails the diversification into the Gloves Business is expected to provide additional income to the Group by capitalising on the burgeoning global demand for rubber gloves. This will aid the Company in its effort to continuously improve its financial performance and to enhance value for the Shareholders moving forward.

15.5 Adequacy of the Proposals in addressing the financial concerns of the Group

Premised on Sections 15.2, 15.3 and 15.4 above, the effects of the Proposals as set out in Section 10 of this Circular as well as the industry overview and future prospects as set out in Section 9 of this Circular, the Board is of the view that the Proposals are adequate to address the Group's current financial concerns. The Group will continuously assess its financial position and will address its financial concerns as and when required.

16. BOARD'S RECOMMENDATION

The Board, having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation as well as taking into consideration the rationale, utilisation of proceeds, risk factors and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

The Directors are deemed interested in the Proposed ESOS by virtue of their eligibility for the Options in their capacity as Directors. As detailed in Section 14.3 of this Circular, the Board currently does not have any plans to allocate any Options to the Directors, and/or persons connected with them. Shareholders' prior approval will be sought for specific allocations to the Directors and/or persons connected with them, if the Company or Board plan to do so in the future. The Directors shall abstain from giving opinions and making recommendations on resolutions of the specific allocation to themselves and to persons connected with them, in future (if any).

The Board as a whole, having duly considered all aspects of the Proposed ESOS, including but not limited to the rationale and effects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interests of the Company.

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

17. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Theatre Room, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposals.

| | |
|--------------------------|--|
| Date and time of the EGM | : Tuesday, 27 October 2020 at 11.00 a.m. |
|--------------------------|--|

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or submit via email to proxy@shareworks.com.my not less than 48 hours before the date and time set for holding the EGM as indicated above or at any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

18. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
GREEN OCEAN CORPORATION BERHAD

MAK SIEW WEI
Executive Director

1. RESPONSIBILITY STATEMENT

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

2. CONSENTS AND CONFLICT OF INTEREST**2.1 Mercury Securities**

The written consent of Mercury Securities, being the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement, for the inclusion of its name and all references thereto in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

2.2 Smith Zander

The written consent of Smith Zander, being the independent market researcher, for the inclusion of its name and extracts of its IMR Report referred to in this Circular in the form and context in which it appears in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Smith Zander is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

4. MATERIAL LITIGATION

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Company and/or its subsidiaries and the Board confirmed that there are no proceedings pending or threatened against the Company and/or its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

APPENDIX I – FURTHER INFORMATION (CONT'D)

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

| | High RM | Low RM |
|--|------------|-----------|
| 2019 | | |
| October | 0.105 | 0.090 |
| November | 0.100 | 0.090 |
| December | 0.130 | 0.090 |
| 2020 | | |
| January | 0.120 | 0.100 |
| February | 0.150 | 0.100 |
| March | 0.130 | 0.080 |
| April | 0.100 | 0.085 |
| May | 0.120 | 0.095 |
| June | 0.155 | 0.105 |
| July | 0.360 | 0.110 |
| August | 0.575 | 0.230 |
| September | 0.390 | 0.175 |
| Last transacted market price on 28 August 2020, being the last Market Day immediately prior to the first announcement of the Proposals | 0.345 | |
| Last transacted market price on the LPD | 0.220 | |

(Source: Bloomberg)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM of the Company:-

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of the Company for the FYE 31 March 2018 and FYE 31 March 2019 as well as the unaudited consolidated financial statements of the Company for the 15-month FPE 30 June 2020;
- (iii) draft Deed Poll B;
- (iv) letters of consent referred to in Section 2 of this Appendix I;
- (v) IMR Report referred to in Sections 9.2, 9.3 and 9.4 of this Circular;
- (vi) draft By-laws as set out in Appendix II of this Circular; and
- (vii) the Undertaking.

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GREEN OCEAN CORPORATION BERHAD
DRAFT BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME

PART I

1. NAME OF THE SCHEME

This Scheme (as defined herein) shall be called the “Green Ocean Corporation Berhad Employees’ Share Option Scheme”.

2. OBJECTIVES OF SCHEME

2.1. The objectives of the ESOS (as defined herein) are as follows:

- (a) to drive and motivate the Eligible Persons (as defined herein) to work towards achieving the Group’s (as defined herein) goals and objectives;
- (b) to reward the Eligible Persons in recognition of their accumulated contribution to the operations and continued growth of the Group;
- (c) to retain the Eligible Persons by giving the Eligible Persons a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company (as defined herein) and thereby provides an incentive for the Eligible Persons to participate in the future growth of the Group and motivate them towards better performance through greater productivity and loyalty;
- (d) to align the interests of the Eligible Persons, including management personnel of the Group, with the interests of the shareholders of the Company via direct participation in the equity of the Company; and
- (e) to attract and retain high-calibre Eligible Persons.

2.2. In addition to the objectives set out in By-Law 2.1 above, the objective of the Scheme is to recognise the contributions and efforts made by the non-executive directors of the Company as they play a constructive role in the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable the Company to attract and retain capable individuals to act as non-executive directors of the Company who will assist in the overall strategic decisions of the Group.

3. DEFINITIONS AND INTERPRETATION

3.1. In these By-Laws, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

| | |
|------------------|--|
| Act | The Companies Act 2016 as amended from time to time including all regulations made thereunder and any re-enactment thereof |
| Board | The Board of Directors for the time being of the Company |
| Bursa Depository | Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)] |

| | |
|---|--|
| Bursa Securities | Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)] |
| By-Laws | The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time in accordance with By-Law 24) |
| CDS | Central Depository System |
| CDS Account | An account established by Bursa Depository for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor |
| Company or Green Ocean Corporation Berhad | Green Ocean Corporation Berhad (Registration No. 200301029847 (632267-P)) |
| Constitution | The Company's constitution, as amended from time to time |
| Date of Expiry | Last day of the Duration of the Scheme as defined in By-Law 22.1 |
| Date of Offer | The date of the letter of which an Offer is offered by the ESOS Committee to the Eligible Persons to participate in the Scheme |
| Director | A director within the meaning stipulated in the Act |
| Disciplinary Proceedings | Proceedings instituted by a company in the Green Ocean Group against an Employee for any alleged misbehaviour, misconduct and/or any other act of the Employee deemed to be unacceptable by that company in the Green Ocean Group in the course of that Employee's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Employee |
| Duration of the Scheme | The duration of the Scheme as defined in By-Law 22 and includes any extension of the duration |
| Effective Date | The date on which the Scheme comes into force as provided in By-Law 22.1 |
| Eligible Director(s) | Director(s) who fulfill(s) the eligibility criteria for participation in the Scheme as set out in By-Law 5 |
| Eligible Employee(s) | Employee(s) who fulfill(s) the eligibility criteria for participation in the Scheme as set out in By-Law 5 |
| Eligible Person(s) | Collectively, the Eligible Director(s) and the Eligible Employee(s) |
| Employee | A natural person who is employed by, and who is on the payroll of, any company in the Group |

| | |
|-----------------------------|--|
| Entitlement Date | The date as at the close of business on which the names of shareholders must appear in the Company's Record of Depositors and/or Register of Members in order to be entitled to any dividends, rights, allotments and/or other distributions |
| ESOS Committee | The committee appointed by the Board to administer the ESOS in accordance with By-Law 25, comprising such number of the Directors and/or other persons appointed / identified from time to time by the Board |
| ESOS Options or Options | The right of a Grantee to subscribe for Shares at the Exercise Price pursuant to an Offer duly accepted by a Grantee in the manner provided in By-Law 8 |
| ESOS or Scheme | Green Ocean Corporation Berhad Employees' Share Option Scheme, as may be modified or altered from time to time |
| Exercise Price | The price at which an Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the ESOS Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provisions of By-Law 10 |
| Grantee | Any Eligible Person who has accepted an Offer in the manner provided in By-Law 8 |
| Group or Green Ocean Group | The Company and its subsidiary company(ies) as defined in Section 4 of the Act, which are not dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the ESOS but exclude subsidiaries which have been divested in the manner provided in By-Law 20 |
| Listing Requirements | The ACE Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time |
| Market Day | A day on which Bursa Securities is open for trading of securities |
| Maximum Allowable Allotment | The maximum number of new Shares to be allotted and issued pursuant to the exercise of the Options by an Eligible Person in accordance with the provisions of By-Law 6 |
| Maximum Limit | The maximum number of Shares that may be offered and issued under the ESOS which shall not exceed thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the existence of the ESOS, as stipulated in By-Law 4.1 |
| Offer | An award of ESOS Options made in writing by the ESOS Committee from time to time to an Eligible |

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|---------------------------|--|
| | Person to participate in the ESOS in the manner provided in By-Law 7 |
| Offer Period | A period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion during which an Offer is valid as stipulated in By-Law 7.5 |
| Option Certificate | The certificate issued by the ESOS Committee confirming the grant of the Options to the Grantee and the Exercise Price together with the number of Shares comprised in the ESOS Options. |
| Option Period | The period commencing from the Effective Date to a date not exceeding five (5) years or such other date as stipulated by the ESOS Committee in the Offer or upon the date of termination or expiry of the ESOS as provided in By-Laws 14 and 22 respectively |
| Persons Connected | Shall have the same meaning given in relation to persons connected with a Director or persons connected with a major shareholder as defined in Paragraph 1.01 of the Listing Requirements |
| Principal Adviser | A corporate finance adviser licensed to make submissions to the SC for corporate proposals |
| Rules of Bursa Depository | The rules of Bursa Depository, as issued pursuant to SICDA |
| SC | Securities Commission Malaysia |
| Shares | Ordinary shares in the relevant ordinary share capital of the Company from time to time |
| SICDA | Securities Industry (Central Depositories) Act 1991, as amended from time to time |
| Vesting Conditions | The conditions determined by the ESOS Committee and stipulated in the Offer which must be fulfilled for the Options under an ESOS to be vested in a Grantee |
- 3.2. Headings are for ease of reference only and do not affect the meaning of a By-Law.
- 3.3. Any reference to a statutory provision or an applicable law shall include a reference to:
- (a) any and all subsidiary legislation made from time to time under that provision or law;
 - (b) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or Bank Negara Malaysia and/or the SC (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or Bank Negara Malaysia and/or the SC);

- (c) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to an Offer made, offered and/or accepted within the Duration of the Scheme; and
 - (d) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
- 3.4. Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5. Words importing the singular number shall include the plural number and *vice versa*.
- 3.6. If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and/or if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the Duration of the Scheme.
- 3.7. Any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
 - (a) by the Board may be exercised in the Board's sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor; or
 - (b) by the ESOS Committee may be exercised in the ESOS Committee's sole and absolute discretion and the ESOS Committee shall not be under any obligation to give any reason therefor, but subject always to the Board's power to overrule any decision of the ESOS Committee.
- 3.8. In the event of any change in the name of the Company from its present name, all reference to "*Green Ocean Corporation Berhad*" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

PART II

4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1. The aggregate maximum number of Shares which may be made available under the Scheme, shall not in aggregate exceed thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time over the Duration of the Scheme.
- 4.2. Notwithstanding By-Law 4.1 above nor any other provision herein contained, in the event the maximum number of Shares granted under the Scheme exceeds in aggregate thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own Shares pursuant to Section 127 of the Act or the Company undertaking any corporate proposal and thereby diminishing the issued shares of the Company, then such ESOS Options granted prior to the adjustment of the number of issued shares (excluding treasury shares, if any) of the Company shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the ESOS Committee shall not make any further Offer unless the total number of Shares to be issued under the Scheme falls below thirty percent (30%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time over the Duration of the Scheme after such adjustment.

- 4.3. The Company shall during the Duration of the Scheme use its reasonable effort to make available sufficient unissued Shares in the capital of the Company to satisfy all outstanding ESOS Options which may be exercisable in accordance with the Scheme.

5. ELIGIBILITY

- 5.1. Only Eligible Persons who fulfil the following conditions on the Date of Offer shall be eligible to participate in the Scheme:
- (a) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
 - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she is employed on the Date of Offer and he/she is employed:
 - (1) on a full time basis and is on the payroll of any company in the Group for a continuous period of at least one (1) year (which shall include any probation period) and his/her employment has been confirmed by any company in the Group; or
 - (2) serving in a specific designation under an employment contract for a continuous fixed period of at least one (1) year (which shall include any probation period) and may include contract staff employed for a period of one (1) year or more for any purposes or specific requirements of the Group as the ESOS Committee deemed fit; and
 - (iii) such Employee falls within any other eligibility criteria (including variations to the eligibility criteria under By-Law 5.1(a)(i) or (ii) above) that may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
 - (b) in respect of a Director, the Director must fulfil the following criteria as at the Date of Offer:
 - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she has been appointed as a Director of the Company or any other company in the Group; and
 - (iii) such Director fulfils any other criteria as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.
 - (c) In respect of a Director, a chief executive officer, major shareholders of the Company or a person connected with a Director, chief executive officer or major shareholder, the specific allocation of ESOS Options granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.
 - (d) If the Eligible Person is employed by a company which is acquired by the Group during the Duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:

- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
- (ii) he/she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least one (1) year and his/her employment has been confirmed by the newly acquired company.

The Eligible Person must fulfil any other criteria and/or fall within such category/designation of employment as may be determined by the ESOS Committee from time to time at its sole discretion, whose decision shall be final and binding.

- 5.2. Except as may be prescribed by the ESOS Committee or as stipulated in an Offer, there are no performance targets to be achieved by the Grantee before ESOS Options can be exercised and the Shares arising from the exercise of ESOS Options can be vested.
- 5.3. Without prejudice to the generality of the foregoing and subject to the ESOS Committee's discretion otherwise, any Offer made by the ESOS Committee that has not been accepted or exercised by a Grantee shall automatically terminated in the following circumstances:
 - (a) the Eligible Person's death;
 - (b) the Eligible Person having received a letter of termination or ceasing to be an Employee / Director (as the case may be) of the Green Ocean Group, for any reason whatsoever;
 - (c) the Eligible Person giving notice of his/her resignation from service/employment;
 - (d) bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction;
 - (e) the corporation which employs the Eligible Person ceasing to be part of the Green Ocean Group;
 - (f) a disciplinary action is taken on the Grantee pursuant to By-Law 14.10; or
 - (g) winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:
 - (i) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
 - (h) termination of the Scheme pursuant to By-Law 14,whichever shall be applicable.
- 5.4. The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the Offer. In the event that any Eligible

Persons are a member of the ESOS Committee, such Eligible Persons shall not participate in the deliberation or discussion of their own allocation.

- 5.5. Any eligible Employee (including an Executive Director) who holds more than one (1) position within the Green Ocean Group and by holding such position is an Eligible Person, shall only be entitled to the Maximum Allowable Allotment of any one (1) category/designation of employment. The ESOS Committee shall be entitled at its discretion to determine the applicable category/designation of employment.
- 5.6. Subject to By-Law 11.3, no Eligible Persons shall participate, at any time, in more than one (1) employees' share option scheme implemented by any company within the Group during the Duration of the Scheme.
- 5.7. An Employee or Director of a dormant company within the Group is not eligible to participate in the Scheme.
- 5.8. Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with By-Law 8 hereof.

6. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES

- 6.1 Subject to By-Law 4.1 and any adjustments which may be made under By-Law 18, the aggregate maximum number of Options that may be granted to any one (1) category/designation of employment of the Eligible Person shall be determined entirely at the discretion of the ESOS Committee.
- 6.2 The number of new Shares to be allocated to any Eligible Person who, either singly or collectively through Persons Connected with such Eligible Person, holds twenty percent (20%) or more of the issued shares of the Company (excluding treasury shares, if any), does not exceed ten percent (10%) of the total number of new Shares to be issued under the Scheme.
- 6.3 Not more than seventy percent (70%) of the total number of Shares available under the Scheme will be allocated in aggregate to the Director(s) and senior management personnel of the companies in the Group.
- 6.4 Subject to By-Law 6.2, the aggregate maximum number of Shares that may be offered to an Eligible Person under the Scheme shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the Duration of the Scheme relating to employees' and/or directors' share issuance schemes and after taking into consideration the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Person or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit.

At the time an Offer is made, the ESOS Committee shall set out the basis of the allocation of the Offer(s) made to the Eligible Person(s) having the further particulars as set out in By-Law 7.4.

- 6.5 The ESOS Committee may make more than one (1) Offer to an Eligible Person **PROVIDED THAT** the aggregate number of Offer so offered to an Eligible Person throughout the entire Duration of the Scheme does not exceed the Maximum Allowable Allotment of such Eligible Person.

- 6.6 The Company shall ensure that allocation of Shares pursuant to the Scheme is verified by the Audit Committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of Shares which have been disclosed to the Employees and Directors.
- 6.7 For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Grantees via:
- (a) one (1) single Offer at a time determined by the ESOS Committee; or
 - (b) several Offer, where the vesting of Options comprised in those Offer is staggered or made in several tranches at such times and on terms determined by the ESOS Committee.
- 6.8 In the event the ESOS Committee decides that the Offer is to be staggered, the number of Shares to be offered in each Offer and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each Offer shall be separate and independent from the others.
- 6.9 No Directors or Employees shall participate in the deliberation and/or discussion of their own respective allocations under the Scheme.

PART III

7. ESOS OFFER

- 7.1 During the Duration of the Scheme, the ESOS Committee may at its discretion at any time from the Effective Date and from time to time make an Offer in writing for acceptance in accordance with By-Law 7 to an Eligible Person based on the criteria for allotment as set out in By-Law 6 above and otherwise in accordance with the terms of this Scheme.
- 7.2 The actual number of ESOS Options which may be offered to any Eligible Person shall be at the sole and absolute discretion of the ESOS Committee, subject to any adjustments that may be made under By-Law 18, provided that the number of ESOS Options so offered which may be exercised in respect of all or any part of the Shares shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allocation of such Eligible Person and shall be in multiples of one hundred (100) Shares.
- 7.3 In the event the ESOS Committee decides that the Offer is to be offered in tranches, the number of ESOS Options to be offered in each Offer shall be decided by the ESOS Committee at its sole and absolute discretion and each Offer shall be separate and independent from the others.
- 7.4 The ESOS Committee shall state the following particulars in the letter of an Offer:
- (a) the number of ESOS Options that are being granted to the Eligible Person;
 - (b) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the ESOS Options being granted;
 - (c) the date of the Offer;
 - (d) the Option Period;

- (e) the Exercise Price;
 - (f) the Vesting Conditions (if any/if applicable);
 - (g) the vesting date(s) (if any/if applicable); and
 - (h) the Offer Period as mentioned in By-Law 7.5;
 - (i) the basis of the allocation of the Offer(s) made having regard to the Eligible Person(s)' annual appraised performance, category or grade of employment, Maximum Allowable Allocation; and
 - (j) any other information deemed necessary by the ESOS Committee.
- 7.5 An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion ("**Offer Period**").
- 7.6 No Offer shall be made to any Director and/or major shareholder of Green Ocean, a person connected with any Director and/or major shareholder who are Eligible Persons unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in general meeting.
- 7.7 Without prejudice to By-Law 25, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.4, the following provisions shall apply:
- (a) as soon as possible but in any event no later than one (1) month after the discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 7.4;
 - (b) in the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall remain as the Exercise Price as per the original letter of Offer; and
 - (c) in the event that the error relates to the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall be the Exercise Price applicable as at the date of the original letter of Offer, save and except with respect to any ESOS Options which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 7.8 The Company shall keep and maintain at its own expenses, a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allotment, the number of ESOS Options offered, the number of ESOS Options exercised, the Date of Offer and the Option Price in accordance with Section 129 of the Act.

8. ACCEPTANCE OF OFFER AND VESTING CONDITIONS

- 8.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only or such other amount as may be determined by the ESOS Committee for the grant of the ESOS Options (regardless of the number of Shares comprised therein).
- 8.2 If an Offer is not accepted in the manner set out in By-Law 8.1 above, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

- 8.3 The number of ESOS Options offered in the lapsed Offer shall be deducted from the Maximum Allowable Allotment or the balance of the Maximum Allowable Allotment of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of ESOS Options offered in the lapsed Offer, in any Offer made in the future. However, ESOS Options not taken up resulting from the non-acceptance of Offer within the Offer Period shall thereafter form part of the balance of ESOS Options available under the ESOS for future Offer.
- 8.4 The Company shall within thirty (30) days of the acceptance of the Offer by the Eligible Person ("**Acceptance Date**"), issue to the Eligible Person an Option Certificate in such form as may be determined by the ESOS Committee for all valid acceptances of the Offer in accordance with By-Law 8.1.
- 8.5 An administrative cost of Ringgit Malaysia Thirty (RM30.00) only and any administrative cost determined by the ESOS Committee or the Board for the replacement of any lost Option Certificate shall be fully borne by the Grantee and such Grantee shall have to execute a statutory declaration in respect of the loss of the Option Certificate.
- 8.6 The Options or such part thereof as may be satisfied in the Offer will only vest with the Grantee on the ESOS vesting date if the Vesting Conditions are fully and duly satisfied, including the following:
- (a) the Grantee remains an Eligible Person and shall not have given notice of resignation or received a notice of termination as at the ESOS vesting date or has otherwise ceased or had his/her employment terminated;
 - (b) the Grantee has not been adjudicated a bankrupt; and/or
 - (c) any other conditions which are determined by the ESOS Committee.
- 8.7 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition if the ESOS Committee decides that a changed performance target would be a fairer measure of performance.
- 8.8 The ESOS Committee may cancel any ESOS Options awarded under this Scheme that has not been exercised and any unvested ESOS Options awarded under this Scheme. In the event of any such cancellation, the ESOS Committee may, at its discretion, authorise the granting of new ESOS Options (which may or may not cover the same number of Shares that had been the subject of any prior ESOS Option) in such manner, at such Exercise Price and subject to such terms, conditions and discretion as would have been applicable under this Scheme had the cancelled ESOS Options not been awarded.

9. EXERCISE OF ESOS OPTIONS

- 9.1 Each ESOS Option shall be exercisable into one (1) new Share, in accordance with the provisions of these By-Laws.
- 9.2 Subject to By-Laws 14, 19, 20, 21 and 22, a Grantee shall be allowed to exercise the ESOS Options granted to him/her (subject to By-Law 9.4) as provided in these By-

Laws whilst he/she is in the employment of the Green Ocean Group and within the Option Period.

- 9.3 A Grantee shall exercise the Options granted to him/her in whole or part in multiples of one hundred (100) Shares. Notwithstanding anything herein to the contrary in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 18 which result in the number of Shares comprised in an Option not being in multiples of not less than one hundred (100), then the requirement that an Option shall be exercised in multiples of not less than one hundred (100) Shares shall not be applicable for the Grantee's final exercise of the Option.
- 9.4 A Grantee shall exercise his/her ESOS Options in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to the letter of the Offer. The procedure for the exercise of ESOS Options to be complied with by the Grantee shall be determined by the ESOS Committee from time to time. Any ESOS Options which remain unexercised at the expiry of the Option Period shall be automatically terminated and lapse without any claim against the Company.
- 9.5 Where an ESOS Option is exercised only in part, a new Option Certificate for the balance of the ESOS Options not exercised shall be issued accordingly by the ESOS Committee to the Grantee within thirty (30) days after receipt by the Company of the Notice of Exercise together with the requisite remittance.
- 9.6 Subject to By-Law 9.4, a Grantee shall exercise his/her ESOS Options by executing and delivering to the Company the Notice of Exercise, stating the number of ESOS Options to be subscribed and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee for the full amount of the Exercise Price in relation to the number of Shares in respect of which the notice is given **PROVIDED THAT** the number of Shares stated therein shall not exceed the amount granted to such Grantees and be subject to By-Laws 9.2 and 9.3 above. The ESOS Committee may pursuant to By-Law 24 hereof, at any time and from time to time, before or after the ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of Shares and/or such percentage of total Shares comprised in the ESOS Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The exercise by a Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the Option Period.
- 9.7 The Grantee shall provide all information as required in the Notice of Exercise. Within eight (8) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, in the event that the Shares are delivered to the Grantee via issuance of new Shares, the Company shall allot and issue the relevant number of Shares to the Grantee and apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the ESOS Options. The said Shares will be credited directly into the CDS Account of the Grantee or his/her financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical share certificates will be issued to the Grantee or his authorised nominee (as the case may be).
- 9.8 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages

or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing and/or transferring the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the ESOS Options or for any errors in any Offer.

- 9.9 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the ESOS Committee, and the ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed to not have exercised his/her Option.
- 9.10 Every ESOS Options shall be subjected to the condition that no new Shares shall be issued pursuant to the ESOS Options if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Duration of the Scheme or such period as may be extended.

10. EXERCISE PRICE

The Exercise Price of each new Share comprised in any ESOS Option shall, subject always to the provisions of By-Law 18 hereof, be a price to be determined by the Board upon recommendation of the ESOS Committee based on the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding date of the Offer with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the Duration of the Scheme.

The Exercise Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 18.

PART IV

11. NON-TRANSFERABILITY

- 11.1 An ESOS Option is personal to the Grantee and subject to the provisions of By-Laws 11.2, 11.3 and 14.3, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group.
- 11.2 An ESOS Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.8. Any such attempt to transfer, assign, dispose or encumber any ESOS Option shall result in the automatic cancellation of the ESOS Option.
- 11.3 Notwithstanding By-Law 11, in the event a Grantee is transferred to another company within the Group which has its own share issuance scheme, the Grantee shall be entitled to continue to exercise all unexercised ESOS Options granted under this Scheme, in accordance with these By-Laws, but such Grantee shall not upon such transfer taking effect be eligible to participate for further ESOS Options under the Scheme.

12. RIGHTS ATTACHING TO SHARES AND ESOS OPTIONS

- 12.1 The new Shares to be allotted and issued upon the exercise of any ESOS Options granted under the Scheme will be subject to the provisions of the Constitution and

will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Shares of the Company, save and except that the Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid to shareholders, the Entitlement Date of which is prior to the date of allotment and issuance of such new Shares.

- 12.2 The ESOS Options shall not carry any rights to vote at any general meeting of the Company. The new Shares allotted and credited into the Grantee's CDS Account upon the exercise of the ESOS Options would carry rights to vote at any general meeting of the Company, provided that the Grantee is registered on the Register of Depositors on the entitlement date as at the close of business to be entitled to attend and vote at the general meeting.
- 12.3 For the avoidance of doubt, a Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his/her unexercised Options.

13. RESTRICTION ON DEALING/RETENTION PERIOD

- 13.1 The Shares to be allotted and issued to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer unless otherwise stated in the Offer as may be determined by the ESOS Committee from time to time at its discretion. The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his/her financier, as the case may be, may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his/her financier's CDS Account. A Grantee should note that the Shares are intended for him/her to hold as an investment rather than for any speculative purposes and/or for the realization of any immediate gain.
- 13.2 Notwithstanding the above, a Grantee who is a non-executive director of the Company must not sell, transfer or assign their Shares obtained through the exercise of the Options granted to him/her under the Scheme within one (1) year from the Date of Offer or such period as may be prescribed by Bursa Securities.

14. TERMINATION OF THE OFFER

- 14.1 Prior to the full vesting of any ESOS Option and/or the allotment or satisfaction by any other means of an ESOS Option in the manner as provided for under By-Law 25.2, such ESOS Options that remain unexercised or unsatisfied (as the case may be) shall be automatically terminated and cease or deemed to cease to be valid without any claim against the Group in the following circumstances:
- (a) termination or cessation of employment of the Grantee with the Group for any reason whatsoever, in which event the ESOS Options shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any other member of the Group on the day the Grantee's employer accepts his/her notice of resignation or the Grantee's employer notifies the Grantee of termination of his/her employment or on the day the Grantee notifies his/her employer of his/her resignation or on the Grantee's last day of employment, whichever is the earlier; or
 - (b) bankruptcy of the Grantee, in which event the ESOS Options shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or

- (c) upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the ESOS Options, in which event the ESOS Options shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date such event occurs; or
- (d) winding up or liquidation of the Company, in which event the ESOS Options shall be automatically terminated and/or cease to be valid on the following date:
 - (i) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (e) termination of the Scheme pursuant to By-Law 22.5, in which event the ESOS Options shall be automatically terminated and cease or cease to be valid without any claim against the Group on the Termination Date (as defined in By-Law 22.5),

whichever shall be applicable.

Upon the termination of the ESOS Options pursuant to By-Laws 14.1(a), (b), (c), (d) or (e) above, the Grantee shall have no right to compensation or damages or any claim against the Company or any other member of the Group for any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any ESOS Option or right to exercise his/her ESOS Option(s) or his/her ESOS Option ceasing to be valid.

- 14.2 A Grantee will be allowed to continue to hold and to exercise any unexercised Options held by him/her upon retirement on or after attaining normal retirement age.
- 14.3 Notwithstanding By-Law 14.1 above, the ESOS Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:
 - (a) ill-health, injury, physical or mental disability;
 - (b) retirement at or after attaining the normal retirement age under the Group's retirement policy;
 - (c) retirement before attaining the normal retirement age with the consent of his/her employer;
 - (d) redundancy, retrenchment or voluntary separation scheme;
 - (e) transfer to any company outside the Group at the direction of the Company; or
 - (f) any other circumstance as may be deemed as acceptable to the ESOS Committee in its sole and absolute discretion.
- 14.4 Applications under By-Law 14.3 shall be made:

- (a) in a case where By-Law 14.3(a) is applicable, within one (1) month after the Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability, the Grantee may exercise all his/her unexercised Options within the said one (1) month period. In the event that no application is received by the ESOS Committee within the said period, any unexercised Options held by the Grantee at the expiry of the said period shall be automatically terminated;
 - (b) in a case where By-Laws 14.3(b), (c) or (d) is applicable, within six (6) months after the Grantee's last day of employment, the Grantee may exercise all his/her unexercised Options within the said six (6) months period. In the event that no application is received by the ESOS Committee within the said period, any unexercised Options held by the Grantee at the expiry of the said period shall be automatically terminated;
 - (c) in a case where By-Law 14.3(e) is applicable, the Grantee may exercise his/her unexercised Options within one (1) month after he/she is notified, subject to the provisions of By-Law 9. Thereafter, any unexercised Options held by the Grantee at the expiry of the said period shall be automatically terminated.
- 14.5 In the event that a Grantee is notified that he will be retrenched or where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, the Grantee may exercise his/her unexercised Options within one (1) month after he/she receives such notice or accepts such offer, as the case may be, subject to the provisions of By-Law 9. Thereafter, any Options held by the Grantee at the expiry of the said period shall be automatically terminated.
- 14.6 The ESOS Committee shall consider applications under By-Law 14.3 on a case-by-case basis and may at its discretion approve or reject any application in whole or in part without giving any reasons therefor and may impose any terms and conditions in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval within the period so approved by the ESOS Committee and subject to the provisions of By-Law 9. Any Options in respect of which an application is rejected shall be automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 14.4 or on the date of the ESOS Committee's decision, whichever is the later.
- 14.7 In the event that the ESOS Committee receives an application under By-Law 14.3 after the expiry of the relevant period under By-Law 14.4, the ESOS Committee shall take into account the reasons given by the Grantee for the delay in making the application, in exercising the ESOS Committee's discretion and powers under By-Law 14.6. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an Offer in respect of the unexercised Options which are the subject of approval to the Grantee and such Options offered, if accepted by the Grantee shall be exercisable:
- (a) only within the period of those Options which were terminated due to the Grantee's delay in making the application;
 - (b) in accordance with the provisions of By-Law 9 as applicable in respect of such terminated Options; and
 - (c) at the subscription price applicable in respect of such terminated Options.
- 14.8 In the event that a Grantee dies before the Date of Expiry and, at the date of death, holds any ESOS Options which are unexercised, the following provisions shall apply:

- (a) such ESOS Options may be exercised by the personal or legal representative of the deceased Grantee (“**Representative**”) within twelve (12) months after the Grantee’s death (“**Permitted Period**”) or within the Date of Expiry, whichever expires first, subject to the approval of the ESOS Committee;
- (b) in the event that the Date of Expiry expires before the Permitted Period, any Options which have not been exercised by the Representative at the Date of Expiry shall be automatically terminated and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Options;
- (c) in the event that the Permitted Period expires before the Date of Expiry, the following provisions shall apply:
 - (i) the Representative may, at any time before the expiry of the Permitted Period, apply in writing to the ESOS Committee for an extension of the Permitted Period, stating the reasons as to why the extension is required. In the event no application is received by the ESOS Committee before the expiry of the Permitted Period, any Options which have not been exercised by the Representative at the expiry of the Permitted Period shall be automatically terminated.
 - (ii) the ESOS Committee shall consider such applications on a case-by-case basis and may at its discretion approve or reject an application in whole or in part without giving any reasons therefor and may impose any terms and conditions in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Representative may exercise the Options which are the subject of the approval within such extension of the Permitted Period as is approved (which shall not exceed the Date of Expiry) and in accordance with the provisions of By-Law 9.4. Any ESOS Option in respect of which an application is rejected shall be automatically terminated at the expiry of the Permitted Period or on the date of the ESOS Committee’s decision, whichever is the later.
 - (iii) in the event that the ESOS Committee receives an application after the expiry of the Permitted Period, the ESOS Committee shall take into account the reasons given by the Representative for the delay in making the application, in exercising the ESOS Committee’s discretion and powers under sub-paragraph (ii) above. In the event that the ESOS Committee approves an application in whole or in part, the Company shall make an Offer in respect of the Options which are the subject of the approval to the Representative and such Options shall be exercisable -
 - (3) within such period as may be stipulated in the Offer a which shall not exceed the Date of Expiry of those Options and/or Shares which were terminated pursuant to sub-paragraph (i) above;
 - (4) in accordance with the provisions of By-Law 9.4; and
 - (5) at the subscription price applicable in respect of the Options which were terminated pursuant to sub-paragraph (i) above.

14.9 The provisions of By-Law 14.7 and 14.8 constitute exceptions to the provisions of By-Law 5.1.

14.10 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect to the Grantee, to suspend the right of any Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such Grantee or are found to have had no basis or justification) to exercise his/her ESOS Options pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee's right to exercise his/her ESOS Options having regard to the nature of the charges made or brought against such Grantee, **PROVIDED ALWAYS** that:

- (a) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the right of such Grantee to their ESOS Options;
- (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised ESOS Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
- (c) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his/her ESOS Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
- (d) in the event that no decision is made and/or Disciplinary Proceedings are not concluded prior to the Date of Expiry, the ESOS Options of such Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the ESOS Committee to enquire into or investigate the substantiveness and/or validity of such Disciplinary Proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under this By-Law.

15. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All Grantees shall be entitled to inspect a copy of the latest annual audited consolidated financial statements of the Company, which shall be made available on Bursa Securities' website as well as the Company's website.

16. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any employee of the Group.

17. TAXES

For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including, without limitation, income taxes) that are incurred by a Grantee pursuant to or relating to the exercise of any ESOS Options, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

PART V**18. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS**

18.1 In the event of any alteration in the capital structure of the Company during the Duration of the Scheme, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the ESOS Committee may, in its discretion, determine whether the Exercise Price and/or the number of unexercised ESOS Options shall be adjusted, and if so, the manner in which such adjustments should be made.

18.2 The provisions of this By-Law 18 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) an issue of Shares pursuant to the exercise of ESOS Options under this Scheme; or
- (b) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
- (c) an issue of securities as a private placement; or
- (d) any special issuance of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation; or
- (e) a restricted issue of securities; or
- (f) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities; or
- (g) a purchase by the Company of its own Shares of all or a portion of such Shares purchased pursuant to Section 127 of the Act.

18.3 Save as expressly provided for herein, the external auditors or Principal Adviser (acting as expert and not arbitrator) must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors or Principal Adviser shall be final, binding and conclusive.

18.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2 of Division 7 of Part III, By-Law 18.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 18.1 is applicable, but By-Law 18.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 18.1 is not applicable as described in By-Law 18.2.

- 18.5 An adjustment pursuant to By-Law 18.1 shall be made according to the following terms:
- (a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
 - (b) in the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date of allotment of shares of the Company in respect of such consolidation, subdivision or reduction.
- 18.6 Upon any adjustment required to be made pursuant to this By-Law 18, the Company shall notify the Grantee (or his/her duly appointed personal representatives where applicable) in writing within ten (10) Market Days from the adjustment date and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting out the Exercise Price or number of ESOS Options which are the subject of the adjusted ESOS Options and any adjustment shall take effect upon such written notification being given on such date as may be specified in such written notification.
- 18.7 In respect of the Options or the ESOS, any adjustment pursuant to this By-Law 18 shall be made in accordance with the following formula below, pursuant to By-Law 18.6:

(a) **Consolidation, Subdivision or Conversion**

If and whenever Shares shall be consolidated, subdivided or converted, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in the following manner:

$$\text{New Exercise Price} = S \times \left(\frac{P}{Q} \right)$$

(1) For consolidation of Shares,

$$\text{Additional number of Options} = T \times \left(\frac{Q}{P} \right)$$

(2) For subdivision of Shares,

$$\text{Additional number of Options} = T \times \left(\frac{Q}{P} \right) - T$$

Where:

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

Q = the aggregate number of issued Shares immediately after the consolidation, subdivision or conversion;

S = Existing Exercise Price; and

T = Number of existing Options held

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the date on which the consolidation, subdivision, conversion or reduction becomes effective.

(b) **Capitalisation of Profits or Reserves**

If and whenever the Company shall make any issue of new Shares to ordinary shareholders, by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature), in respect of ESOS Options, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of Options to be issued shall be calculated as follows:

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

Where:

A = the aggregate number of issued Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature); and

T = T as in By-Law 18.7(a) above

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

(c) If and whenever the Company shall make:

- (1) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
- (3) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

then and in respect of each such case, the Exercise Price for ESOS Options shall be adjusted by multiplying it by the following fraction:-

$$\frac{C-D}{C}$$

and in respect of the case referred to in By-Law 18.7(c)(2) hereof, the number of additional Options to be issued shall be calculated as follows:-

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

Where:

T = T as in By-Law 18.7(a) above;

C = the prevailing market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation or (where appropriate) any relevant date as may be determined by the Company; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 18.7(c)(2) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 18.7(c)(3) above, the value of rights attributable to one (1) existing Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 18.7(c) hereof, the fair market value as determined by the external auditors or Principal Adviser of that portion of the Capital Distribution attributable to one (1) existing Share.

D* = The value of rights attributable to one (1) Share (as defined below).

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

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

Where:

C = C as in By-Law 18.7(c) above;

E = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and

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

D* = The “value of rights attributable to one (1) existing Shares” (as defined below).

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

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

Where:

C = C as in By-Law 18.7(c) above;

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

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

For the purpose of By-Law 18.7(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (not falling under By-Law 18.7(b) hereof) or other securities by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature).

Any dividend charged or provided for in the audited financial statements of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statement of comprehensive income of the Company for any period as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue or the closing date for the acceptance of the rights, as the case may be, for such issue.

(d) **Capitalisation of Profits/Reserves and Rights Issue of Shares or Convertible Securities**

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 18.7(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 18.7(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated as follows:

$$\text{Additional number of Options} = T \times \left(\frac{(G + H^* + B) \times C}{\text{Exercise Price}} \right) - T$$

$$(G \times C) + (H^* \times I^*)$$

Where:

B = B as in By-Law 18.7(b) above;

G = the aggregate number of issued Shares on the Entitlement Date;

C = C as in By-Law 18.7(c) above;

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

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

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

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

T = T as in By-Law 18.7(a) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue or the closing date for the acceptance of the rights, as the case may be, for such issue.

(e) **Rights Issue of Shares and Convertible Securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 18.7 (c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 18.7(c)(3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional Options to be issued shall be calculated as follows:-

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

Where:

G = A as in By-Law 18.7(d) above;

- C = C as in By-Law 18.7(c) above;
- H = H as in By-Law 18.7(d) above;
- H* = H* as in By-Law 18.7(d) above;
- I = I as in By-Law 18.7(d) above;
- I* = I* as in By-Law 18.7(d) above;
- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and
- T = T as in By-Law 18.7(a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions or the closing date for the acceptance of the rights, as the case may be, for such issue.

(f) **Capitalisation of Profits/Reserves and Rights Issue of Shares and Convertible Securities**

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 18.7(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 18.7(c)(2) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law 18.7(c)(3) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional Options to be issued shall be calculated as follows:

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

Where:

- G = A as in By-Law 18.7(d) above;
- C = C as in By-Law 18.7(c) above;
- H = H as in By-Law 18.7(d) above;
- H* = H* as in By-Law 18.7(d) above;
- I = I as in By-Law 18.7(d) above;

- I* = I* as in By-Law 18.7(d) above
- J = J as in By-Law 18.7(e) above;
- T = T as in By-Law 18.7(b) above;
- K = K as in By-Law 18.7(e) above; and
- B = B as in By-Law 18.7(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa) immediately following the Entitlement Date for the above transactions or the closing date for the acceptance of the rights, as the case may be, for such issue.

(g) **Others**

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 18.7(c)(2), 18.7(c)(3), 18.7(d), 18.7(e) or 18.7(f) above) the Company shall issue either any Shares or any security convertible into new Shares or with rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where:

- L = the number of Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustments of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of this By-Law 18.7(g), “**Total Effective Consideration**” shall be determined by the ESOS Committee with the concurrence of the external auditors or Principal Adviser and shall be:-

- (i) in case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount

receivable by the Company upon full conversion of such securities (if any); or

- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case, without any deduction of any commission, discount or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 18.7(g), "**Average Price**" of a Share shall be the average market price of one (1) Share as derived from the last traded prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the next Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the next Market Day immediately following the date on which the Company determines the subscription price of such Shares. Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

- (h) For the purpose of By-Laws 18.7(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

18.8 If an event occurs that is not set out in By-Law 18.7 or if the application of any of the formula set out in By-Law 18.7 to an event results in a manifest error or does not, in the opinion of the ESOS Committee, achieve for any reason whatsoever the desired result of preventing the dilution or enlargement of the Eligible Person's rights or providing a fair and reasonable entitlement, the ESOS Committee may effect an adjustment in such manner deemed appropriate by the ESOS Committee provided that the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the ESOS Committee.

18.9 Notwithstanding the provisions of this By-Law, the ESOS Committee may exercise its discretion to determine whether any adjustments to the Exercise Price, the number of Options and/or Shares (as the case may be) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

18.10 Any adjustment to the Exercise Price shall be rounded down to the nearest RM0.01.

- 18.11 In the event that a fraction of a Share arises from the adjustments pursuant to this By-Law 18, the number of Shares comprised in an Offer shall automatically be rounded down to the nearest whole number.

19. TAKE-OVER OFFER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

- 19.1 In the event of:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital (or such part of the issued share capital not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror), a Grantee shall be entitled within such period to be determined by the ESOS Committee to exercise all or any part of his/her unexercised ESOS Options and the Directors of the Company shall use their best endeavours to procure that such offer be extended to the new Shares that may be issued pursuant to the exercise of the ESOS Options under this By-Law; or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date ("**Specific Date**"), a Grantee shall be entitled to exercise all or any part of his/her unexercised ESOS Options until the expiry of the Specific Date.

- 19.2 In the event of the court sanctioning a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Subdivision 2 of Division 7 of Part III of the Act or its amalgamation with any other company or companies under the Act, a Grantee shall be entitled to exercise all or any part of his/her unexercised ESOS Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and up to but excluding the date upon which such compromise or arrangement becomes effective.

- 19.3 In the event that the Grantee elects not to so exercise some or all of the Options held by him/her, the unexercised Options shall be automatically terminated and lapse by the dates prescribed in By-Laws 19.1 and 19.2 and be null and void and of no further force and effect.

20. DIVESTMENT FROM THE GROUP, ETC

- 20.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:

- (a) shall be entitled to continue to hold and to exercise all unexercised ESOS Options held by him/her from the date of completion of such divestment, within a period of three (3) months from the date of completion of such divestment or the Date of Expiry, whichever expires first, and in accordance with the provisions of By-Law 9.4. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
- (b) shall no longer be eligible to participate for further ESOS Options under the Scheme as from the date of completion of such divestment, unless approved by the ESOS Committee in writing.

- 20.2 For the purposes of By-Law 20.1, a company shall be deemed to be divested from the Group or disposed off from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act or such company ceases to form part of the Group for such reason(s) as determined by the ESOS Committee as its absolute discretion.

21. WINDING UP

All outstanding ESOS Options shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to exercise the ESOS Options shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise the ESOS Options shall accordingly be unsuspended.

PART VI

22. EFFECTIVE DATE, DURATION, TERMINATION AND EXTENSION OF SCHEME

- 22.1 The Effective Date for the implementation of the Scheme shall be such date to be determined and announced by the Board following full compliance with all relevant requirements of the Listing Requirements, including the following:-

- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements (and/or such other documents as may be determined by Bursa Securities from time to time);
- (b) receipt of the approval from Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the exercise of ESOS Options granted under the Scheme;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfilment or waiver (as the case may be) of all conditions attached to the above proposals, if any.

The Scheme shall be in force for a duration of five (5) years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 22.3 below. The date of expiry of the Scheme shall be at the end of the five (5) years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended.

- 22.2 The Offer can only be made during the Duration of the Scheme before the Date of Expiry.
- 22.3 On or before the Date of Expiry, the Board shall have the discretion, without having to obtain approval of the Company's shareholders, to extend the Duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time. In the event the

Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme. For the avoidance of doubt, no further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting is required for any such extension.

- 22.4 Notwithstanding anything to the contrary, all ESOS Options shall lapse on the Date of Expiry.
- 22.5 The Scheme may be terminated by the ESOS Committee at any time before the Date of Expiry **PROVIDED THAT** the Company makes an announcement immediately to Bursa Securities. The announcement shall include:-
- (a) the effective date of termination ("**Termination Date**");
 - (b) the number of Options exercised under ESOS; and
 - (c) the reasons and justification for termination.
- 22.6 The Company may implement more than one (1) employee share scheme provided that the aggregate number of Share available under all the employee share schemes implemented by the Company is not more than 30 percent (30%) of its total number of issued shares (excluding treasury shares, if any) at any one time or any other limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.
- 22.7 In the event of termination as stipulated in By-Law 22.5 above, the following provisions shall apply:
- (a) no further Offers shall be made by the ESOS Committee from the Termination Date;
 - (b) all Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and
 - (c) all outstanding ESOS Options which have yet to be exercised by Grantees shall be automatically terminated on the Termination Date.
- 22.8 Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of Grantees who have yet to exercise their Options are not required to effect a termination of the Scheme.

23. NO COMPENSATION FOR TERMINATION

No Eligible Persons shall be entitled to any compensation for damages arising from the termination of any ESOS Options or this Scheme pursuant to the provisions of these By-Laws. Notwithstanding any provisions of these By-Laws:

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person of any company of the Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the Offer or consideration for the Offer afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;

- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other theory of law (other than those constituting the ESOS Options themselves) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his/her Representative shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights/exercise of his/her ESOS Options ceasing to be valid pursuant to the provisions of these By-Laws; and
- (d) the Company, the Board or the ESOS Committee shall in no event be liable to the Grantee or his/her personal or legal representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the Board or the ESOS Committee has been advised of the possibility of such damage.

24. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

- 24.1 Subject to the compliance with the Listing Requirements and any other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its discretion think fit. The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to, or modifications and/or deletions of these By-Laws **PROVIDED THAT** no additions, modifications or amendments to or deletions of these By-Laws shall be made which will:
 - (a) prejudice any rights which have accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 4.1; or
 - (c) alter any matter which are required to be contained in these By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.
- 24.2 For the purpose of complying with the provisions of the Listing Requirements, By-Laws 4, 5, 6, 8, 9, 10, 11, 12, 13, 18, 21 and 22 shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons and/or Grantees without the prior approval of shareholders obtained at a general meeting and subject to any applicable laws.
- 24.3 Upon amending and modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments, cause to be submitted to Bursa Securities the amended By-Laws and a confirmation letter that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements in relation to the Scheme.

PART VII

25. ADMINISTRATION AND TRUST

- 25.1 The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit and with such powers and duties as are conferred upon it by the Board. The decision of the ESOS Committee shall be final and binding.
- 25.2 In implementing the Scheme, the ESOS Committee may in its absolute discretion, after taking into consideration, amongst others, factors such as prevailing market price of the Shares, funding considerations and dilutive effects on the Company's capital base, future returns and cash requirements of the Group, decide that the Shares to be awarded under this Scheme shall be satisfied by any of the following methods:
- (a) issuance of new Shares;
 - (b) acquisition and transfer of existing Shares;
 - (c) any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or
 - (d) a combination of any of the above.
- 25.3 For the purposes of facilitating the implementation and administration of the Scheme, the Company and/or the ESOS Committee may (but shall not be obliged to) establish a trust to be administered by trustee(s) consisting of such trustee appointed by the Company from time to time ("**Trustee**"), if required, for the purposes of subscribing for new Shares and/or acquiring existing Shares from the ACE Market of Bursa Securities and transferring them to Grantees at such times as the ESOS Committee shall direct ("**Trust**"). To enable the Trustee to subscribe for new Shares and/or acquire existing Shares for the purpose of the Scheme and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company and/or its subsidiaries or any third party to subscribe for Shares on behalf of Grantees and to release the relevant net gains arising from the sale of the Shares from the exercise of the ESOS Options by a Grantee (after deducting the Exercise Price and the related transaction costs) to the relevant Grantee.
- 25.4 The Trustee if and when a Trust is established shall administer the Trust in accordance with the terms of the trust deed to be entered into between the Company and the trustee constituting the trust ("**Trust Deed**"). For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the ESOS Committee may in its sole and absolute discretion direct for the implementation and administration of the Trust.
- 25.5 The Company or ESOS Committee shall have power from time to time, at any time, to appoint or rescind/terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The ESOS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.
- 25.6 Without limiting the generality of By-Law 25.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in an

Offer, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme.

- 25.7 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the ESOS Committee as it shall deem fit.

26. DISPUTES

- 26.1 In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the ESOS Committee during the Duration of the Scheme. The ESOS Committee shall then determine such dispute or difference by a written decision (without the obligation to give any reason therefor) given to the Eligible Person and/or Grantee, as the case may be, PROVIDED THAT where the dispute is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance.
- 26.2 In the event the Eligible Person or Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the ESOS Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.
- 26.3 Notwithstanding the foregoing provisions of By-Laws 26.1 and 26.2 above, matters concerning adjustments made pursuant to By-Law 18 shall be referred to external auditors of the Company or Principal Adviser, who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

27. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment and/or transfer of the Shares pursuant to the ESOS Option, shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options under the Scheme.

28. CONSTITUTION

In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the Constitution shall at all times prevail.

29. NOTICE

- 29.1 Subject to By-Law 31.5, any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his/her address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received by the recipient on the Market Day immediately following the day on which the electronic mail is sent or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected or otherwise upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company.

- 29.2 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the Grantee (as the case may be) pursuant to the Scheme, the Company or the ESOS Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 29.1 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantee, as the case may be.

30. SEVERABILITY

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

31. GOVERNING LAW AND JURISDICTION

- 31.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall, subject to the provisions of By-Law 26, submit to the exclusive jurisdiction of the courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.
- 31.2 Any proceeding or action shall, subject to the provisions of By-Law 26, be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 31.3 Any notice/process required to be given to or served upon the Board or the ESOS Committee by an Eligible Person and/or Grantee shall be deemed to be sufficiently given, served or made if it is given served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person and/or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last-known address. Any notice/process served by hand, by

facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.

- 31.4 Any notice/process required to be given to or served upon the Board or the ESOS Committee by an Eligible Person and/or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the ESOS Committee may have stipulated for this purpose). Any notice/process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.
- 31.5 Any Offer to be made and acceptances thereof, and normal correspondence (other than notice/process) under the Scheme ("**Normal Correspondence**") to be given to or served upon the Board or the ESOS Committee or the Eligible Person and/or the Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail to such e-mail address specified by the Company (if to be given to or served upon the Board of the ESOS Committee) or to such e-mail address of the employee provided by the Company (if to be given to or served upon the Eligible Person and/or Grantee) or such communication by other digital means as may be prescribed by the Board and/or ESOS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market day immediately following the day on which the electronic mail is dispatched or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected.
- 31.6 Notwithstanding By-Law 31.5, where any Normal Correspondence is required to be given by the Company or the ESOS Committee or the Trustee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons and/or Grantees, the Company or the ESOS Committee may give the Normal Correspondence through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 31.5 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons and/or Grantee.
- 31.7 In order to facilitate the offer of any Offer (and/or the benefit thereof) under this Scheme, the ESOS Committee may provide for such special terms to the Eligible Persons who are employed by any corporation in the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the ESOS Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The ESOS Committee may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer offered to such Eligible Person pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

- 31.8 No action has been or will be taken by the Company to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Eligible Person to whom an Offer is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer or will exercise the ESOS Option.
- 31.9 Any Eligible Person to whom an Offer is offered is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer or exercise the ESOS Option. By their acceptance of an Offer, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer and/or will exercise the ESOS Option.

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GREEN OCEAN CORPORATION BERHAD

Registration No. 200301029847 (632267-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Green Ocean Corporation Berhad ("**Green Ocean**" or the "**Company**") will be held at Theatre Room, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 27 October 2020 at 11.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:-

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF GREEN OCEAN AND ITS SUBSIDIARIES TO INCLUDE THE GLOVES BUSINESS (AS HEREIN DEFINED) ("PROPOSED DIVERSIFICATION")

"THAT subject to the necessary approvals of the relevant authorities and parties (if required) being obtained, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to implement the diversification of the existing business of Green Ocean and its subsidiaries to include the manufacture and sale of rubber gloves ("**Gloves Business**");

AND THAT the Board be and is hereby empowered and authorised to do all such acts, deeds and things to execute, sign and deliver on behalf of the Company all such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary or expedient or appropriate in order to give full effect to the Proposed Diversification with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be required by the relevant authorities or deemed necessary by the Board in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED PRIVATE PLACEMENT OF UP TO 95,605,000 NEW ORDINARY SHARES IN GREEN OCEAN, REPRESENTING 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF GREEN OCEAN, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")

"THAT subject to the approvals of all the relevant authorities, approval be and is hereby given to the Board to allot and issue up to 95,605,000 new ordinary shares in the Company ("**Green Ocean Shares**" or "**Shares**") ("**Placement Shares**") by way of private placement to independent third party investor(s) to be identified later in 1 or more tranches at an issue price for each tranche to be determined at a later date by the Board ("**Price-Fixing Date**") upon such terms and conditions as set out in the circular to the shareholders of the Company ("**Shareholders**") dated 9 October 2020 ("**Circular**").

THAT the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of the Shares immediately preceding the Price-Fixing Date.

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approvals of the relevant authorities and in the best interest of the Company.

THAT such Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividend, rights, allotment and/or other distribution which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors of the Company may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement.”

ORDINARY RESOLUTION 3

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 828,573,600 NEW SHARES (“RIGHTS SHARES”) TOGETHER WITH UP TO 621,430,200 FREE DETACHABLE WARRANTS IN GREEN OCEAN (“WARRANTS B”) ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS B FOR EVERY 2 EXISTING ORDINARY SHARES IN GREEN OCEAN (“GREEN OCEAN SHARES” OR “SHARES”) HELD BY THE ENTITLED SHAREHOLDERS OF GREEN OCEAN (“ENTITLED SHAREHOLDERS”) ON AN ENTITLEMENT DATE TO BE DETERMINED (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)

“**THAT** subject to the approvals of all relevant authorities or parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the Rights Shares and Warrants B to be issued hereunder and the new Shares to be issued pursuant to the exercise of the Warrants B, the Board be and is hereby authorised to undertake the Proposed Rights Issue with Warrants as follows:-

- (i) to provisionally allot and issue by way of a renounceable rights issue of up to 828,573,600 Rights Shares together with up to 621,430,200 Warrants B to the Shareholders whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined by the Board (“**Entitled Shareholders**”) (“**Entitlement Date**”) and/or their renouncee(s), on the basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined by the Board and on such terms and conditions as set out in the Circular to Shareholders dated 9 October 2020 (“**Circular**”);
- (ii) to enter into and execute the deed poll constituting the Warrants B (“**Deed Poll B**”) and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll B (including, without limitation, the affixing of the Company’s company seal, where necessary);
- (iii) to allot and issue the Warrants B in registered form to the Entitled Shareholders (and/or their renouncee(s), as the case may be) and Excess Applicants (as defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant B conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date, subject to the provisions for adjustment to the subscription rights attached to the Warrants B in accordance with the provisions of the Deed Poll B to be executed by the Company;
- (iv) to allot and issue such number of additional Warrants B pursuant to adjustments as provided for under the Deed Poll B (“**Additional Warrants B**”) and to adjust from time to time the exercise price of the Warrants B as a consequence of the adjustments under the provisions of the Deed Poll B and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (where required); and

- (v) to allot and issue such number of new Shares credited as fully paid-up to the holders of Warrants B upon their exercise of the relevant Warrants B to subscribe for new Shares during the tenure of the Warrants B, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants B and such adjustments in accordance with the provisions of the Deed Poll B;

THAT the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares and the exercise price of the Warrants B to be issued in connection with the Proposed Rights Issue with Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants B and the new Shares to be issued pursuant to the exercise of the Warrants B and Additional Warrants B (if any) shall be listed on the ACE Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants shall be utilised for the purposes as set out in Section 6 of the Circular and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approvals of the relevant authorities (where required);

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 and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient 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 with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

THAT the Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

THAT the new Shares to be issued pursuant to the exercise of the Warrants B (including the Additional Warrants B, if any) shall, upon allotment, issuance and full payment of the exercise price of the Warrants B (or the Additional Warrants B, if any), rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of such new Shares to be issued pursuant to the exercise of the Warrants B (including the Additional Warrants B, if any);

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares and the Warrants B arising from the Proposed Rights Issue with Warrants B, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether);

AND THAT this Ordinary Resolution 3 constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants B (including Additional Warrants B, if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants.”

ORDINARY RESOLUTION 4

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTIONS SCHEME (“ESOS” OR “SCHEME”) INVOLVING UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF GREEN OCEAN (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF GREEN OCEAN AND ITS SUBSIDIARIES (“GROUP”) (“PROPOSED ESOS”)

“THAT subject to the approvals of all relevant authorities and parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) for the listing and quotation of the new ordinary shares in Green Ocean (**“Green Ocean Shares”** or **“Shares”**) to be issued pursuant to the exercise of the ESOS options granted under the Scheme having been obtained, approval be and is hereby given for the Company to establish the Scheme involving up to 30% of the total number of issued shares of the Company from time to time (excluding treasury shares, if any) for the benefit of eligible directors and eligible employees of the Group, excluding the subsidiaries which are dormant, and the Board be and is hereby authorised to:-

- (i) implement and administer the Scheme in accordance with the by-laws governing the Scheme (**“By-laws”**), a draft of which is set out in Appendix II of the Circular to Shareholders dated 9 October 2020 (**“Circular”**), and to give full effect to the Scheme with full powers to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient and/or imposed or required by the relevant authorities or as may be deemed fit or necessary by the Board at its discretion;
- (ii) make the necessary applications to Bursa Securities and do all the things necessary at the appropriate time or times for the listing and quotation of the new Shares which may from time to time be allotted and issued pursuant to the exercise of the ESOS options granted under the Scheme;
- (iii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the ESOS options granted under the Scheme provided that the aggregate number of new Shares to be allotted and issued under the Scheme shall not exceed in aggregate of 30% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the existence of the Scheme. The new Shares to be allotted and issued upon the exercise of any ESOS options granted under the Scheme will be subject to the provisions of the Constitution of the Company and will, upon allotment, issuance, rank *pari passu* in all respects with the then existing issued Shares, save and except that the new Shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares;
- (iv) modify and/or amend the By-laws from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board provided that such modifications and/or amendments are effected in accordance with the provisions of the By-laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme;
- (v) extend the duration of the Scheme, provided always that such extension of the Scheme made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the date on which the Scheme shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Securities or any other relevant authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting; and

THAT the By-laws of the Scheme, a draft of which is set out in Appendix II of the Circular, be and is hereby approved and adopted;

AND THAT the Board be and is hereby authorised to give effect to the Scheme with full powers to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as the Board may deem fit or necessary at its absolute discretion.”

By Order of the Board

GREEN OCEAN CORPORATION BERHAD

WONG YUET CHYN (MAICSA 7047163) (SSM PC 202008002451)

Company Secretary

Kuala Lumpur
9 October 2020

Notes:-

1. *A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*
2. *A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*
3. *A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or submit via email to proxy@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 October 2020 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
8. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*



GREEN OCEAN CORPORATION BERHAD

Registration No. 200301029847 (632267-P)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING OF GREEN OCEAN CORPORATION BERHAD (“EGM”)

Day and Date : Tuesday, 27 October 2020
Time : 11.00 a.m.
Venue : Theatre Room, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

SAFEGUARD MEASURES DUE TO COVID-19 PANDEMIC

1. In light of the coronavirus disease 2019 (COVID-19) pandemic, shareholders/proxies are encouraged to take all the necessary precautions and preventive measures issued and directed by the Malaysia Government, the Ministry of Health, the Malaysian National Security Council and other relevant authorities before attending the EGM.
2. If you have travelled overseas to the affected countries in the past 14 days or if you are unwell with sore throat/fever/flu/cough/shortness of breath, you are required to comply with the directives issued by the Malaysia Government to self-quarantine or seek medical advices and strongly encouraged not to attend the EGM.
3. All attendees which were screened and tested positive or is believed to be suffering from pneumonia symptoms (which include fever, cough and breathlessness) would be advised by our personnel to leave the premises and seek medical attention immediately.
4. Shareholders are encouraged to keep abreast with the latest news released by the authorities regarding travelling, self-quarantine, other health and safety precautions from time to time.

ONLINE PRE-REGISTRATION TO ATTEND THE EGM

5. According to the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (revised on 15 July 2020), shareholders are required to register ahead of the EGM to allow the Company to make the necessary arrangements in relation to the meeting infrastructure, logistics and venue to accommodate the meeting participants. In order to allow the Company to make the necessary arrangements, shareholders/proxies who wish to attend in person are required to pre-register your attendance with the Company's Share Registrar, ShareWorks Sdn Bhd via email to sharereg@shareworks.com.my.
6. Please note that only a depositor whose name appears on the Record of Depositors as at 20 October 2020 shall be entitled to attend or appoint proxy(ies) to attend and/or vote on his/her behalf at the EGM.

REGISTRATION AT THE MEETING VENUE

7. Registration will commence at 10.00 a.m. on Tuesday, 27 October 2020 and will end at a time directed by the Chairman of the Meeting. Shareholders/proxies are encouraged to be punctual.
8. Given that your safety is the Company's priority, the Company has taken below precautionary measures and control for the well-being of all attendees to enable the Company to comply with the Government's and/or relevant authorities' directives and guidelines on public gatherings or events which may be issued from time to time:-
 - 8.1 To practice safe social distancing at all times;
 - 8.2 To fill up/complete the Health Declaration Form;
 - 8.3 To go through temperature check;
 - 8.4 To sanitise hand; and
 - 8.5 To wear face mask at all times.

The Company reserves the right to reject entrance of any attendee who does not meet the health standard operating procedures as mentioned above.

9. Please present your original National Identify Card (IC)/passport during registration for verification purpose. Upon verification of your IC/passport and subject to conditions as set out in **Note 8** above being satisfactorily met, you will be given an identification wristband to be secured around your wrist. Please be reminded that you will not be allowed to enter the EGM meeting room without wearing the identification wristband.
10. Please note that you will not be allowed to register on behalf of another person even with the original IC/passport of that person.
11. For precautionary and safety measures, the door to the EGM's meeting room will be closed at 11.00 a.m. sharp. All attendees are encouraged to be punctual.

APPOINTMENT OF PROXY AND SUBMISSION OF PROXY FORM ONLINE

12. As a shareholder, you are entitled to appoint proxy to attend and/or vote on your behalf at the EGM by submitting the Proxy Form at the Share Registrar's office or by electronic means through ShareWorks website at www.swsb.com.my no later than 25 October 2020 at 11.00 a.m.
13. Please note that if an individual member has submitted his/her Form of Proxy prior to the EGM and subsequently decides to personally participate in the EGM, the individual member shall proceed to contact ShareWorks Sdn. Bhd. or the Company with the details set out below to revoke the appointment of his/her proxy no later than 25 October 2020 at 11.00 a.m.

NO REFRESHMENTS OR DOOR GIFTS

14. To ensure social and physical distancing as well as a measure to reduce the number of crowd or attendees at the EGM in accordance with the guidelines issued relevant authorities related to the COVID-19, there will be NO refreshments or door gifts to shareholders, proxies and invited guests who attend the EGM.

GENERAL MEETING ARRANGEMENTS

15. Due to the constant evolving COVID-19 situation in Malaysia, the Company reserves the right to change the meeting arrangements of EGM in accordance to the latest directives to be issued by related to the COVID-19 including to impose limitation to the number of attendees as set by the authorities, if any, to be physically present at the meeting venue. Kindly check the Company's website or announcement from time to time for the latest updates on the status or changes to the EGM arrangement.

ENQUIRY

16. If you have any enquiry prior to the EGM, please contact the Share Registrar during office hours from Monday to Friday from 8.30 a.m. to 5.30 p.m. (except on public holidays):

ShareWorks Sdn. Bhd.

| | |
|-------------------------|---|
| General/Fax No/Email | : +603 - 6201 1120 / +603 - 6201 3121 / 5959 |
| Mr Vemalan a/l Naraynan | : +603 - 6201 1120 / sharereg@shareworks.com.my |
| Mr Kou Si Qiang | : +603 - 6201 1120 / sharereg@shareworks.com.my |

- (Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or submit via email to proxy@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 October 2020 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
8. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

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AFFIX
STAMP

The Company Secretary
GREEN OCEAN CORPORATION BERHAD
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan (KL), Malaysia

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Fold This Flap For Sealing