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

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FOUNDPAC GROUP BERHAD

(Company No. 1165946-H)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED BONUS ISSUE OF UP TO 148,000,000 NEW ORDINARY SHARES IN FOUNDPAC GROUP BERHAD ("FOUNDPAC" OR THE "COMPANY") ("BONUS SHARES") ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN FOUNDPAC ("FOUNDPAC SHARES" OR "SHARES") HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE");**
- (II) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF FOUNDPAC (EXCLUDING TREASURY SHARES) FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF FOUNDPAC AND ITS SUBSIDIARIES ("FOUNDPAC GROUP" OR "GROUP") (EXCLUDING DORMANT SUBSIDIARIES) ("PROPOSED ESOS"); AND**
- (III) **PROPOSED SHARE BUY-BACK BY FOUNDPAC OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK")**

Adviser

TA Securities Holdings Berhad

(Company No. 14948-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of Extraordinary General Meeting ("**EGM**") of the Company to be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 22 November 2017 at 10.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Second Annual General Meeting of the Company which will be held at the same venue on the same day, whichever is the later, together with the Form of Proxy are enclosed in this Circular.

If you decide to appoint a proxy to attend and vote on your behalf at the EGM, the Form of Proxy must be lodged at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia not less than twenty-four (24) hours before the time set for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Late date and time for lodging the Form of Proxy	: Tuesday, 21 November 2017 at 10.00 a.m.
Date and time of the EGM	: Wednesday, 22 November 2017 at 10.00 a.m.

This Circular is dated 30 October 2017

DEFINITIONS

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

Act	: Companies Act, 2016 and any statutory modification, amendment or re-enactment thereof for the time being in force
AGM	: Annual General Meeting
Board	: Board of Directors of FoundPac
Bonus Shares	: Up to 148,000,000 new FoundPac Shares to be issued pursuant to the Proposed Bonus Issue
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
By-Laws	: The rules, terms and conditions of the Proposed ESOS specified in the by-laws.
Circular	: This circular dated 30 October 2017 in relation to the Proposals
Director(s)	: A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given within the meaning of Section 2 of the Act and Section 2(1) of the Capital Market Service Act, 2007
Effective Date	: The date of full compliance with all relevant requirements pursuant to the Listing Requirements in relation to the ESOS
EGM	: Extraordinary General Meeting
Eligible Person(s)	: Any Directors and employees of FoundPac Group (except subsidiaries which are dormant) who fulfils the eligibility criteria set out in Section 2.2.3 of this Circular
Entitled Shareholders	: Shareholders of FoundPac whose names appear in the Record of Depositors of the Company as at the close of business on Entitlement Date
Entitlement Date	: A date (to be determined by the Board and announced later by the Company) as at the close of business on which the names of the shareholders of the Company must appear in the Record of Depositors in order to be entitled for the Bonus Shares
EPS	: Earnings per share
ESOS Committee	: The committee to be appointed and authorised by the Board to administer the Proposed ESOS in accordance with the By-Laws
FoundPac or Company	: FoundPac Group Berhad (1165946-H)
FoundPac Group or Group	: FoundPac and its subsidiaries

DEFINITIONS (CONT'D)

FoundPac Holdings	:	FoundPac Holdings Sdn Bhd (1174756-P)
FoundPac Share(s) or Share(s)	:	Ordinary shares in FoundPac
FoundPac Tech	:	FoundPac Technologies Sdn Bhd (939942-M)
FoundPac Tech Vendors	:	Collectively, Lee Chun Wah, Tan Sin Khoon and Ong Choon Heng
FPSB	:	FoundPac Sdn Bhd (675052-D)
FPSB Vendors	:	Collectively, Lee Chun Wah and Tan Sin Khoon
FYE	:	Financial year ended
Grantee(s)	:	Any Eligible Person who has accepted the Offer by the Company in accordance with the By-Laws
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	3 October 2017, being the latest practicable date prior to issuance of this Circular
Maximum Allowable Allotment	:	The maximum number of new FoundPac Shares that can be offered and allotted to an Eligible Person in the manner provided for in the By-Laws
Market Day	:	A day on which Bursa Securities is open for trading in securities
MFRS 2	:	Malaysian Financial Reporting Standard 2 issued by the Malaysian Accounting Standards Board
NA	:	Net assets
Offer	:	An offer made in writing by the ESOS Committee to an Eligible Person
Offer Date	:	The date on which an Offer is made to a selected Eligible Persons to participate in the Proposed ESOS by the ESOS Committee
Proposals	:	Proposed Bonus Issue, Proposed ESOS and Proposed Share Buy-Back, collectively
Proposed Bonus Issue	:	Proposed bonus issue of up to 148,000,000 FoundPac Shares on the basis of two (2) Bonus Shares for every five (5) existing FoundPac Shares held at the Entitlement Date
Proposed ESOS	:	Proposed establishment of an employees' shares option scheme of up to ten percent (10%) of the total number of issued Shares of FoundPac (excluding treasury shares), at any one time during the duration of the Proposed ESOS
Purchased Shares	:	Shares repurchased by FoundPac pursuant to the Proposed Share Buy-Back

DEFINITIONS (CONT'D)

Record of Depositors	:	A record provided by Bursa Depository to the Company under Chapter 24.0 of the Rules of Bursa Malaysia Depository Sdn Bhd
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules	:	Rules of Take-overs, Merger, and Compulsory Acquisitions
Subscription Price	:	The price at which the Grantees shall be entitled to subscribe for every new FoundPac Share by exercising their Options
TA Securities	:	TA Securities Holdings Berhad (14948-M)
VWAMP	:	Volume weighted average market price

Words incorporating the singular shall, where applicable, include the plural and *vice versa*. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Any reference to persons shall include a corporation, 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 a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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FOUND PAC GROUP BERHAD
(Company No. 1165946-H)
(Incorporated in Malaysia)

Registered Office
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

30 October 2017

Board of Directors:

Tan Cheik Eaik (*Independent Non-Executive Chairman*)
Lee Chun Wah (*Executive Director/Chief Executive Officer*)
Tan Sin Khoo (*Executive Director/Chief Operating Officer*)
Ong Choon Heng (*Executive Director/Chief Financial Officer*)
Chan Bee Cheng (*Independent Non-Executive Director*)
Teoh Lay Fung (*Independent Non-Executive Director*)

To: The Shareholders of FoundPac

Dear Sir/Madam,

- (I) **PROPOSED BONUS ISSUE;**
- (II) **PROPOSED ESOS; AND**
- (III) **PROPOSED SHARE BUY-BACK**

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

1. INTRODUCTION

On 21 September 2017, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 4 October 2017, TA Securities had on behalf of the Board, announced that Bursa Securities had vide its letter dated 4 October 2017, approved the listing of and quotation for the Bonus Shares and new FoundPac Shares to be issued arising from the exercise of Options pursuant to the Proposed Bonus Shares and Proposed ESOS on the Main Market of Bursa Securities.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY IS ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Basis and number of Bonus Shares to be issued

The Company is proposing to issue up to 148,000,000 Bonus Shares to be credited on the basis of two (2) Bonus Shares for every five (5) existing FoundPac Shares held by the Entitled Shareholders as at the close of business on the Entitlement Date.

As at the LPD, the issued share capital of FoundPac is RM51,710,037 (inclusive of RM14,710,037 which has been transferred from the share premium account upon abolition of par value) comprising 370,000,000 FoundPac Shares.

Fractional entitlements arising from the Proposed Bonus Issue shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

2.1.2 Capitalisation of reserves

The Proposed Bonus Issue of RM14,800,000 shall be capitalised from the share premium of RM14,710,037 and balance of RM89,963 through retained profits. The share premium of RM14,710,037 was transferred to share capital upon commencement of the Act on 31 January 2017 and the capitalisation of the Proposed Bonus Issue from the share premium account of the Company is in compliance with the Act and Practice Note 1/2017 issued by the Companies Commission of Malaysia for the purpose of subsections 618(3) and 618(4) of the Act. The remaining balance of RM89,963 shall be capitalised through retained profits. The illustration of the capitalisation of reserves for the Proposed Bonus Issue is as follows: -

FoundPac (Company level)	Share premium* RM	Retained profits RM
As at 30 June 2017	14,710,037	136,873
Capitalisation for the Proposed Bonus Issue	(14,710,037)	(89,963)
After the Proposed Bonus Issue	-	46,910

Note: -

** The share premium account was transferred to the share capital upon commencement of the Act.*

Pursuant to Paragraph 6.30(1) of the Listing Requirements, a listed corporation intending to make bonus issue of securities must ensure the necessary reserves required for capitalisation of the bonus issue is unimpaired by losses on a consolidated basis, where applicable, based on the listed corporation's latest audited financial statements as well as its latest quarterly report.

The Board confirms that the reserves available to be capitalised for the Proposed Bonus Issue are unimpaired by losses on a consolidated basis, based on FoundPac's audited consolidated financial statements as at 30 June 2017 and that the Company has sufficient reserves in its share premium and retained earnings account for the capitalisation of the Proposed Bonus Issue. Hence, FoundPac is in compliance with Rule 6.30(1) and 6.30(3) of the Listing Requirements.

2.1.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing FoundPac Shares.

2.1.4 Listing and quotation for the Bonus Shares

Bursa Securities had vide its letter dated 4 October 2017 approved the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities, as detailed in Section 6 of this Circular.

The Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next Market Day following the Entitlement Date.

The notice of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders within four (4) Market Days after the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

2.2 PROPOSED ESOS

The Company is proposing to grant Options to the Eligible Persons to subscribe for new FoundPac Shares at a prescribed Subscription Price subject to the terms and conditions of the By-Laws.

The Proposed ESOS will be administered by the ESOS committee with the responsibility of amongst others, implementing, allocating and administering the Proposed ESOS in accordance with the By-Laws.

The salient terms and conditions of the Proposed ESOS are as follows: -

2.2.1 Maximum number of new FoundPac Shares available under the Proposed ESOS

The total number of new FoundPac Shares which may be made available and/or issued pursuant to the exercise of the Options under the Proposed ESOS shall not be more than ten percent (10%) of the total number of issued Shares of the Company (excluding treasury shares) at any one time throughout the duration of the Proposed ESOS.

Nothing herein shall prevent the ESOS Committee from making more than one (1) offer to any Eligible Person, provided always that the total aggregate number of FoundPac Shares which may be offered to any Eligible Person shall not exceed the maximum allowable allotment of that Eligible Person as set out in Section 2.2.2 of this Circular.

In the event the maximum number of new FoundPac Shares made available under the Proposed ESOS exceeds the aggregate of ten percent (10%) of the total number of issued Shares of the Company (excluding treasury shares) as a result of the Company purchasing its own shares or undertaking other corporate proposal and thereby diminishing its issued share capital, no other Options shall be offered until the total number of new FoundPac Shares to be issued under the Proposed ESOS falls below ten percent (10%) of the Company's total number of issued Shares (excluding treasury shares).

2.2.2 Maximum allowable allotment and basis of allocation

The aggregate number of new FoundPac Shares that may be offered and allotted under the Options to the Eligible Persons shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, *inter alia*, the seniority, job grading, length of service and/or contribution to the Group by the Eligible Person and/or other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject always to the following: -

- (i) the Directors and Eligible Persons of the Group do not participate in the deliberation or discussion of their own allocation of the Options and the allocation of the options to any person connected with them;
- (ii) the number of FoundPac Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty percent (20%) or more in the total number of issued Shares (excluding treasury shares) of the Company, shall not exceed ten percent (10%) of the total number of FoundPac Shares to be issued pursuant to the exercise of the Options under the Proposed ESOS and any other schemes involving issuance of new Shares to the Eligible Persons to be implemented from time to time; and
- (iii) not more than seventy percent (70%) of the new FoundPac Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management. This is intended to incentivise the Directors of the Group for their continued contribution towards the development, growth, success and the strategic direction to drive long term shareholder value enhancement for the FoundPac Group and to reward the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance,

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

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The maximum number of new FoundPac Shares to be offered and allocated under the Options to the Eligible Persons are set out as follows: -

	Maximum allowable allotment (%)	Maximum no. of new FoundPac Shares to be issued and allotted
<u>Executive Directors</u>		
Lee Chun Wah	9.65	5,000,000
Tan Sin Khoo	9.65	5,000,000
Ong Choon Heng	9.65	5,000,000
<u>Non-Executive Directors</u>		
Tan Cheik Eaik	3.86	2,000,000
Chan Bee Cheng	3.86	2,000,000
Teoh Lay Fung	3.86	2,000,000
Other Eligible Persons	59.46	30,800,000
Total	100.00	51,800,000

The ESOS Committee may at its absolute discretion during the duration of the Proposed ESOS, make one or more Offers to any Eligible Person where the vesting of the Options are staggered or made in several tranches at such times and on terms determined by the ESOS Committee. Subject to the above limit, each Offer made to any Eligible Person by the ESOS Committee shall be separate and independent from any previous or later Offers made by the ESOS Committee to the Eligible Persons.

2.2.3 Eligibility

Subject to the discretion of the ESOS Committee, any Director or an employee of the FoundPac Group shall be eligible to be considered for the offer of Options under the Proposed ESOS, if the following eligibility criteria is fulfilled: -

- (i) he/she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) with the exception of the non-executive Director(s), he/she is employed on full time basis and who has been confirmed in service and has been employed for at least twelve (12) months; and/or
- (iii) is under such categories and criteria that the ESOS Committee may from time to time decide at its absolute discretion.

The ESOS Committee may, at any time and from time to time, before and after an Option is granted, limit the exercise of the Option to a maximum number of new FoundPac Shares and/or such percentage of the total new FoundPac Shares comprised in the Option during such periods within the duration of the Proposed ESOS, subject the exercise of the Option to any vesting condition determined by the ESOS Committee at its sole and absolute discretion including but not limited to performance targets being achieved before an Option can be exercised and/or impose any other terms and/or conditions (including the time period to exercise the Options) as the ESOS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier.

The ESOS Committee shall also have the sole and absolute discretion to determine whether to stagger the allocation of Options available over the duration of the Proposed ESOS and whether there is any vesting period for the Options granted under the Proposed ESOS.

No Options will be made to any Director, major shareholder of the Company or any person connected with them unless shareholders of the Company in a general meeting shall have approved the specific allocation and allotment to such persons.

Eligibility does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Proposed ESOS 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 By-Laws.

2.2.4 Subscription Price

The subscription price of each Share comprised in any Option shall be the five (5)-day VWAMP of the FoundPac Shares immediately preceding the Offer Date subject to a discount of not more than ten percent (10%) or based on any other limit in accordance with any prevailing guidelines issued by Bursa Securities and/or any other relevant authorities.

The subscription price shall be subject to adjustments provided under the By-Laws.

2.2.5 Ranking of the new FoundPac Shares to be allotted pursuant to the exercise of the Options under the Proposed ESOS

The new FoundPac Shares to be allotted upon the exercise of the Options shall upon allotment and issuance, rank *pari passu* in all respects with the existing FoundPac Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which is prior to the date of allotment of the said new FoundPac Shares.

2.2.6 Duration of the Proposed ESOS

The Proposed ESOS shall be in force for a period of five (5) years and may be extended by the Board at its absolute discretion, without having to obtain the approval of its shareholders, for up to another five (5) years immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the effective date of implementation of the Proposed ESOS, being the date of full compliance with all relevant provisions of the Listing Requirements of Bursa Securities in relation to the Proposed ESOS.

2.2.7 Rights of Grantee

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised Options.

2.2.8 Retention period

The new FoundPac Shares to be allotted and issued to the Grantee pursuant to the exercise of any Option under Proposed ESOS will not be subjected to any retention period.

Notwithstanding the above, an eligible Director who is a non-executive Director in FoundPac Group (excluding dormant subsidiaries) shall not sell, transfer or assign the new FoundPac Shares obtained through the exercise of the Options offered to him within one (1) year from the Offer Date.

2.2.9 Alteration of share capital during the duration of the Proposed ESOS

In the event of any alteration in the capital structure of the Company during the duration of the Proposed ESOS, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of FoundPac Shares or reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to: -

- (a) the number of FoundPac Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option; and/or
- (b) the Subscription Price.

Save for any alteration in the capital structure of the Company during the duration of the Proposed ESOS arising from bonus issues, all adjustments must be confirmed in writing by the external auditor or the principal adviser of the Company.

The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in the By-Laws.

2.2.10 Amendment and/or modification to the Proposed ESOS

Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained (if required under the Listing Requirements and applicable laws and regulations), the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of the By-Laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-Laws shall be made which will:-

- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
- (b) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
- (c) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

2.2.11 Listing of and quotation for the new FoundPac Shares to be issued arising from the exercise of the Options

The new FoundPac Shares to be issued arising from the exercise of the Options will be listed and quoted on the Main Market of Bursa Securities.

2.3 PROPOSED SHARE BUY-BACK

The Company is proposing to purchase up to ten percent (10%) of its total number of issued Shares.

As at the LPD, the issued share capital of FoundPac comprises 370,000,000 Shares. Following the Proposed Bonus Issue and Proposed ESOS, the enlarged issued share capital of FoundPac is 569,800,000 Shares. Hence, a maximum of 56,980,000 Shares may be repurchased, representing 10% of the total number of issued Shares.

The Proposed Share Buy-Back is subject to Section 127 of the Act, the Listing Requirements and any prevailing laws, guidelines, rules and regulations issued by the relevant authorities at the time of purchase. The Purchased Shares can be dealt with in the following manner: -

- (i) cancelled; or
- (ii) retained as treasury shares for distribution as dividend and/or for the purposes of employees' share scheme and/or resold on Bursa Securities and/or cancelled subsequently; or
- (iii) a combination of (i) and (ii) above; or
- (iv) such other manner as maybe permitted by the Act.

The Board may decide to cancel the Purchased Shares if it is of the opinion that, in the foreseeable future, there are no investment opportunities that would result in an enhanced investment to FoundPac Group and hence, the value of the FoundPac Shares. If the Purchased Shares are cancelled, the total number of issued shares of FoundPac shall be diminished by the cancellation of the Purchased Shares. If the Board decides to retain the Purchased Shares as treasury shares, it may distribute the treasury shares as dividends to the shareholders and/or for the purposes of employees' share scheme and/or resell the Purchased Shares on Bursa Securities and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital.

The treatment of the Purchased Shares to be held as treasury shares, either to be distributed as dividends or resold on Bursa Securities by the Company, or both, or subsequently to be cancelled will depend on the availability of the retained profits.

The Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution relating to the Proposed Share Buy-Back at an EGM of the Company to be convened and shall be valid until: -

- (1) the conclusion of the first AGM of the Company following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (2) the expiration of the period within which the next AGM of the Company is required by law to be held; or

- (3) the authority is revoked or varied by ordinary resolution passed by the shareholders of FoundPac in a general meeting,

whichever is earlier, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event in accordance with the provision of the Act, the Listing Requirements and other prevailing laws, guidelines, rules and regulations issued by the relevant authorities.

2.3.1 Source of funds

The funding of the Proposed Share Buy-Back will be from internally generated funds and/or external bank borrowings, and the amount allocated for the Purchased Shares will not exceed the Company's retained earnings. The amount of internally-generated funds and/or external bank borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, the actual number of Shares to be purchased and other relevant cost factors.

Should the Proposed Share Buy-Back be financed through bank borrowings, the Board will ensure that there are sufficient funds to repay such bank borrowings and that such repayment will not have a material effect on the cash flow of the Group.

2.3.2 Potential advantages and disadvantages

The potential advantages and disadvantages of the Proposed Share Buy-Back, if implemented, to the Company and its shareholders are as follows: -

Potential advantages

- (i) allow the Company the flexibility in attaining its desired capital structure;
- (ii) reward the shareholders in the event treasury shares are distributed as share dividend; and
- (iii) mitigates the dilution effects on the EPS of the FoundPac Group if the shares purchased are cancelled, hence making the FoundPac Shares more attractive to investors.

Potential disadvantages

- (i) reduce the financial resources of the FoundPac Group and may result in the forgoing of better investment opportunities that may emerge in the future; and
- (ii) may result in the reduction of financial resources available for distribution of cash dividends and/or bonus shares to shareholders in the future as the Proposed Share Buy-Back can only be made out of the retained profits of the Company.

The Board will be mindful of the interests of the Company and its shareholders when undertaking the Proposed Share Buy-Back.

2.3.3 Public shareholding spread

According to the Record of Depositors of the Company as at the LPD, the total percentage of the issued share capital of FoundPac which is held by the public, was 45.19%.

The Board will be mindful of the public shareholding spread requirement before making any purchases of its own Shares.

2.3.4 Implication of Rules

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Rules by any of the Company's shareholders and/or parties acting in concert with them, the Board will ensure that such number of Shares purchased, retained as treasury shares, cancelled or distributed pursuant to the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them.

In this connection, the Board will be mindful of the Rules when making any purchase of the Shares pursuant to the Proposed Share Buy-Back.

2.3.5 Purchase and resale price

In accordance with Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own shares listed on Bursa Securities at a price which is not more than 15% above the five (5)-day VWAMP for the Shares immediately before the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell the Purchased Share(s) held as treasury shares on Bursa Securities at: -

- (i) a price which is not less than the five (5)-day VWAMP for the Shares immediately before the resale; or
- (ii) a discounted price of not more than 5% to the five (5)-day VWAMP for the Shares immediately before the resale provided that:
 - (a) the resale takes place not earlier than 30 days from the date of purchase; and
 - (b) the resale price is not less than the cost of purchase of the Shares being resold.

All Purchased Shares may be cancelled or retained as treasury shares or a combination of both. Treasury shares may be distributed as share dividends, issued under employees' share scheme, resold on Bursa Securities and/or subsequently cancelled. The Company is required to make an immediate announcement to Bursa Securities of any purchase/resale or cancellation of the Shares pertaining to the Proposed Share Buy-Back.

2.3.6 Purchase made in the previous twelve (12) months

Given that this is the first time FoundPac is seeking authority from its shareholders for the Proposed Share Buy-Back, FoundPac has not purchased any of its own Shares, retained its Shares as treasury shares or resold its treasury shares or cancelled its Shares in the preceding twelve (12) months.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Bonus Issue

The Proposed Bonus Issue is intended to: -

- (i) reward the shareholders of FoundPac by increasing the number of FoundPac Shares held by them, whilst retaining their percentage of equity interest; and
- (ii) enhance the marketability and trading liquidity of FoundPac Shares on the Main Market of Bursa Securities.

3.2 Proposed ESOS

The Proposed ESOS is intended to: -

- (i) recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of FoundPac Group;
- (ii) motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iii) inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- (iv) retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level; and
- (v) reward the Eligible Persons by allowing them to participate in the FoundPac Group's profitability and eventually realise any capital gains arising from appreciation in the value of the FoundPac Shares.

The Proposed ESOS is also extended to the eligible non-executive Directors of FoundPac Group to instil a greater sense of involvement and enhance the working relationship between non-executive Directors and the Group, as they discharge important functions, and their services and contributions are valued by the FoundPac Group.

3.3 Proposed Share Buy-Back

The rationale of the Proposed Share Buy-Back are as follows: -

- (i) the FoundPac Group will be able to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the market. The Proposed Share Buy-Back is to stabilise the market price of the Shares and to prevent against speculation of the Shares, when undervalued, to enhance investors' confidence;
- (ii) the Proposed Share Buy-Back, regardless if the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purposes of computing the EPS. Therefore, the Proposed Share Buy-Back will improve the EPS of FoundPac, which in turn is expected to have a positive impact on the market price of FoundPac Shares; and

- (iii) the Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. If any treasury shares are distributed as share dividends and/or issued under employees' share scheme, this would serve to reward the shareholders of the Company and/or the Eligible Persons.

The Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, and it will be implemented only after taking into consideration, amongst others, the financial resources of the FoundPac Group, and of the resultant impact on the shareholders of the Company.

The Board will be mindful of the best interests of FoundPac and its shareholders when undertaking the Proposed Share Buy-Back.

4. UTILISATION OF PROCEEDS

FoundPac will not receive any proceeds pursuant to the Proposed Bonus Issue and the Proposed Share Buy-Back. FoundPac will receive proceeds from the exercise of the Options by the Grantees under the Proposed ESOS. However, the amount of proceeds to be received cannot be determined at this juncture as it will depend on, amongst others, the number of Options granted and exercised at the relevant point in time and the Subscription Price.

The Company intends to utilise the net proceeds from the exercise of the Options for the general working capital requirements of the FoundPac Group, as and when the proceeds are received throughout the duration of the Proposed ESOS, with such utilisation to be revised as the Board may decide.

The estimated expenses for the Proposals, which mainly comprise of professional fees, is approximately RM150,000. For the avoidance of doubt, such estimated expenses exclude the potential cost of awarding the Options pursuant to MFRS 2, further details which are set out in Section 5.4 of this Circular.

5. EFFECTS OF THE PROPOSALS

5.1 Issued share capital

The proforma effects of the Proposals on the issued share capital of FoundPac are as follows: -

	No. of FoundPac Shares	RM
Issued share capital as at LPD	370,000,000	51,710,037 ⁽¹⁾
To be issued pursuant to the Proposed Bonus Issue	148,000,000	89,963 ⁽²⁾
Estimated expenses	-	(150,000)
After the Proposed Bonus Issue	518,000,000	51,650,000
To be issued pursuant to full exercise of the Options	51,800,000	27,972,000 ⁽³⁾
After the Proposed Bonus Issue and full exercise of the Options	569,800,000	79,622,000
To be purchased and cancelled pursuant to the Proposed Share Buy-Back	(56,980,000)	(5,698,000)
Enlarged issued share capital of FoundPac	512,820,000	73,924,000

Notes: -

- (1) Inclusive of RM14,710,037 which has been transferred from the share premium account with effect from 31 January 2017 pursuant to Section 618 of the Act.*
- (2) The remaining balance of RM89,963 is capitalised from the retained earnings account at RM0.10 per Bonus Share, being the reference to the par value of FoundPac Shares immediately before the effective date of the Act.*
- (3) Based on an assumed Subscription Price of RM0.54, representing approximately 10% discount to the theoretical ex-bonus price of FoundPac Shares of RM0.60 per Share, based on the five (5)-day VWAMP of FoundPac Shares up to and including the LPD of RM0.8343.*

The Proposed ESOS will not have an immediate effect on the existing issued share capital of FoundPac until such time when the Options are granted and are subsequently exercised by the Grantees. The issued share capital of FoundPac will increase accordingly depending on the number of the new FoundPac Shares to be issued arising from the exercise of the Options.

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on the intention of the Board with regard to the treatment of the Purchased Shares. If the Purchased Shares are cancelled, the issued share capital will be reduced by the number of Shares so cancelled. Conversely, if the Purchased Shares are retained as treasury shares, resold or distributed to shareholders, the Proposed Share Buy-Back will not have any effect on the issued share capital of the Company. Nevertheless, certain rights (such as voting rights) attached to the Purchased Shares will be suspended when the Purchased Shares are held as treasury shares.

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5.2 Substantial shareholders' shareholding

The proforma effects of the Proposals on the substantial shareholders' shareholding in the Company based on the Record of Depositors as at the LPD are set out as follows: -

	As at the LPD				Proforma I			
	Direct		Indirect		After the Proposed Bonus Issue			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders								
FoundPac Holdings	132,000,000	35.68	-	-	184,800,000	35.68	-	-
Acme Sky Sdn Bhd	33,000,000	8.92	-	-	46,200,000	8.92	-	-
Lee Chun Wah	13,510,700	3.65	132,000,000 ⁽¹⁾	35.68	18,914,980	3.65	184,800,000 ⁽¹⁾	35.68
Tan Sin Khoon	20,000,000	5.41	132,000,000 ⁽¹⁾	35.68	28,000,000	5.41	184,800,000 ⁽¹⁾	35.68
Ong Choon Heng	800,400	0.22	132,000,000 ⁽¹⁾	35.68	1,120,560	0.22	184,800,000 ⁽¹⁾	35.68
Andrew Su Meng Kit	-	-	33,000,000 ⁽²⁾	8.92	-	-	46,200,000 ⁽²⁾	8.92

	Proforma II				Proforma III			
	After Proforma I and the Proposed ESOS				After Proforma II and the Proposed Share Buy-Back ⁽⁴⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders								
FoundPac Holdings	184,800,000	32.43	-	-	184,800,000	36.04	-	-
Acme Sky Sdn Bhd	46,200,000	8.11	-	-	46,200,000	9.01	-	-
Lee Chun Wah	23,914,980 ⁽³⁾	4.20	184,800,000 ⁽¹⁾	32.43	23,914,980	4.66	184,800,000 ⁽¹⁾	36.04
Tan Sin Khoon	33,000,000 ⁽³⁾	5.79	184,800,000 ⁽¹⁾	32.43	33,000,000	6.44	184,800,000 ⁽¹⁾	36.04
Ong Choon Heng	6,120,560 ⁽³⁾	1.07	184,800,000 ⁽¹⁾	32.43	6,120,560	1.19	184,800,000 ⁽¹⁾	36.04
Andrew Su Meng Kit	-	-	46,200,000 ⁽²⁾	8.11	-	-	46,200,000 ⁽²⁾	9.01

Notes: -

- (1) Deemed interested pursuant to Section 8 of the Act via FoundPac Holdings.
- (2) Deemed interested pursuant to Section 8 of the Act via Acme Sky Sdn Bhd.
- (3) Assuming the full exercise of Options granted to them pursuant to the Proposed ESOS as set out in Section 2.2.2 above.
- (4) Assuming that the Proposed Share Buy-Back is carried out in full and all Purchased Shares are held as treasury shares.

As set out in Section 2.3.4 of the Circular, it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Rules by any of the Company's shareholders and/or parties acting in concert with them. The Board will ensure that such number of Shares purchased, retained as treasury shares, cancelled or distributed pursuant to the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them.

5.3 NA, NA per FoundPac Share and gearing

Based on the audited consolidated financial statements of FoundPac as at 30 June 2017, and on the assumption that the Proposals had been effected as at the date, the proforma effects of the Proposed Bonus Issue on the consolidated NA and gearing of FoundPac are as follows: -

	Audited As at 30 June 2017 (RM)	Proforma I After Proposed Bonus Issue (RM)
Share capital	51,710,037	51,650,000 ⁽¹⁾⁽²⁾
Retained profits	15,809,378	15,719,415 ⁽¹⁾
Shareholders' funds/NA	67,519,415	67,369,415
No. of FoundPac Shares	370,000,000	518,000,000
NA per FoundPac Share (RM)	0.18	0.13
Total borrowings	-	-
Gearing (times)	Net cash	Net cash

Notes: -

(1) The Proposed Bonus Issue of RM14,800,000 shall be capitalised from the share premium of RM14,710,037 (which has been transferred to the share capital account upon abolition of par value) and the remaining balance of RM89,963 through retained profits.

(2) After deducting the estimated expenses for the Proposals of RM150,000.

Save for the potential impact of MFRS 2 on Share-Based Payment as elaborated in Section 5.4 below, the Proposed ESOS is not expected to have an immediate effect on the NA and NA per Share of the Group until such time the Options are exercised. The proforma effects will depend on, amongst others, the number of new FoundPac Shares to be issued upon the exercise of the Options and the subscription price.

The Proposed ESOS is not expected to have any effect on the FoundPac Group's gearing level as the Group does not have any outstanding borrowings as at the LPD.

The proforma effects of the Proposed Share Buy-Back on the NA per Share will depend on the actual purchase price of the FoundPac Shares and the effective cost of funding, loss in interest income of the Company and the treatment of the Purchased Shares.

If all the FoundPac Shares purchased are cancelled, the Proposed Share Buy-Back will reduce the NA per Share if the purchase price exceeds the NA per Share at the time of the purchase. Conversely, the NA per Share will increase if the purchase price is below the NA per Share at the time of the purchase.

The NA per Share will decrease if the Purchased Shares are retained as treasury shares, due to the accounting requirements for treasury shares to be carried at cost and to be offset against equity.

If the treasury shares are subsequently resold on Bursa Securities, the NA per Share upon the resale will increase if the Company realises a gain from the resale, and *vice-versa*. If the treasury shares are distributed as dividends, the NA of the FoundPac Group will be reduced by the cost of the treasury shares.

5.4 Earnings and EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the FoundPac Group for the financial year ending 30 June 2018. However, there will be a corresponding dilution in FoundPac's consolidated EPS as a result of the increase in the number of issued Shares pursuant to the issuance of the Bonus Shares.

With the adoption of MFRS 2 on Share-Based Payment, the potential cost of granting the Options under the Proposed ESOS will need to be measured at fair value on the date of the granting of the Options and recognised as an expense in the statement of comprehensive income of FoundPac Group over the vesting period.

The extent of the effect of the Proposed ESOS on FoundPac's consolidated earnings and EPS cannot be determined at this juncture as it would depend on the fair value of the Options and/or FoundPac Shares as at the respective dates of the granting of the Options. However, it is important to note that the potential cost of the Options pursuant to the Proposed ESOS does not represent a cash outflow and is merely an accounting treatment.

The Board will consider the potential impact of MFRS 2 and any other applicable accounting standards on the FoundPac Group's future earnings before allocating and granting the Options to the Eligible Persons.

The Proposed ESOS will also have a dilutive effect on FoundPac's consolidated EPS due to the increase in number of FoundPac Shares resulting from the issuance and allotment of new FoundPac Shares following the conversion of any Options pursuant to the Proposed ESOS.

The effects of the Proposed Share Buy-Back on the earnings and EPS of the FoundPac Group will depend on the purchase price(s) of the FoundPac Shares and the effective funding cost, if any, or any loss in interest income to the Group.

Assuming the Purchased Shares are retained as treasury shares and resold, the effects on the earnings of the FoundPac Group will depend on the actual selling price(s), the number of the treasury shares resold, and the effective gain or interest savings arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back will increase the EPS of the FoundPac Group provided that the income foregone and interest expenses incurred on the Purchased Shares are less than the EPS before the Proposed Share Buy-Back.

5.5 Working capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of the FoundPac Group, the quantum of which depends on, amongst others, the number and purchase price(s) of the Purchased Shares.

For the Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of the FoundPac Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

5.6 Convertible securities

FoundPac does not have any other convertible securities as at the LPD.

6. APPROVALS REQUIRED

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

- (i) Bursa Securities, for the listing of and quotation for the Bonus Shares and new FoundPac Shares to be issued arising from the exercise of the Options on the Main Market of Bursa Securities under the Proposed Bonus Issue and Proposed ESOS.

Bursa Securities had vide its letter dated 4 October 2017, granted its approval for the Proposed Bonus Issue and Proposed ESOS subject to the following conditions: -

No.	Conditions	Status of compliance
(a)	FoundPac and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;	To be complied
(b)	FoundPac and TA Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue;	To be complied
(c)	FoundPac to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;	To be complied
(d)	FoundPac or TA Securities are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements;	To be complied
(e)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to paragraph 6.43(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 general meeting;	To be complied
(f)	FoundPac 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; and	To be complied
(g)	To incorporate the comments by Bursa Securities in the circular to shareholders in relation to the Proposed Bonus Issue and Proposed ESOS.	Complied

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

7. OTHER CORPORATE EXERCISES/SCHEME ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below, the Company does not have any outstanding corporate exercises announced but pending completion prior to the date of this Circular: -

- (i) the Company had on 25 September 2017 entered in to a share sale agreement with Lim Seng Chiew and Lim Seng Choon in relation to the acquisition of 187,500 ordinary shares representing 75% equity interests in Dynamic Stencil Sdn Bhd for a total cash consideration of RM16,500,000.

8. INTER-CONDITIONALLY OF THE PROPOSALS

The Proposals are not inter-conditional upon each other and are not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

9. ESTIMATED TIMEFRAME FOR COMPLETION

The Board expects the Proposals to be implemented in the first (1st) quarter of 2018, barring any unforeseen circumstances and subject to obtaining all relevant approvals.

Tentative date	Events
22 November 2017	EGM
Early December 2017	Announcement of the Entitlement Date
End December 2017	Entitlement Date
Early January 2018	Listing of the Bonus Shares

10. HISTORICAL SHARE PRICES

The monthly high and low prices of FoundPac Shares as traded on Main Market of Bursa Securities from January 2017 (as FoundPac was listed on 29 December 2016) to September 2017 are as follows: -

	High (RM)	Low (RM)
2017		
January	0.740	0.660
February	0.800	0.730
March	0.745	0.710
April	0.770	0.710
May	0.935	0.730
June	0.925	0.850
July	0.900	0.825
August	0.905	0.775
September	0.915	0.810

The last transacted market price of FoundPac Shares on 20 September 2017, being the last trading day immediately prior to the date on which the Proposals was announced is RM0.88.

The last transacted market price of FoundPac Shares as at the LPD is RM0.825.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of FoundPac's Directors, major shareholders and/or persons connected with them has any interest, either direct or indirect, in the Proposals save for their respective entitlements as shareholders of FoundPac under the Proposed Bonus Issue, the rights of which are also available to all other Entitled Shareholders of the Company on the Entitlement Date.

All Directors of the Company are entitled to participate as Eligible Persons in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS insofar as it relates to their respective allocations under the Proposed ESOS.

The Directors of the Company have therefore deliberated and voted on the Proposed ESOS as a whole at the relevant Board meeting and recommended to put forth the resolutions pertaining to the Proposed ESOS to be tabled at an EGM to be convened. The respective Directors (and other persons connected with them, if any) have abstained and will continue to abstain from all deliberations and voting at the relevant Board meeting on the specific allocations of the respective Options to themselves as well as to persons connected with them (if any).

Further, the Directors have also undertaken that they shall ensure that persons connected with them will abstain from voting in respect of their direct and indirect shareholdings (if any) on the resolutions pertaining to the specific allocations of the Options to themselves and the Directors connected to them, to be tabled at an EGM to be convened.

The direct and indirect shareholdings of the Directors, substantial shareholders and the persons connected with them based on the Record of Depositors as at the LPD are set out as follows: -

	As at the LPD			
	Direct		Indirect	
	No. of FoundPac Shares	%	No. of FoundPac Shares	%
<u>Directors</u>				
Lee Chun Wah	13,510,700	3.65	132,000,000 ⁽¹⁾	35.68
Tan Sin Khoo	20,000,000	5.41	132,000,000 ⁽¹⁾	35.68
Ong Choon Heng	800,400	0.22	132,000,000 ⁽¹⁾	35.68
Tan Cheik Eaik	2,000,000	0.54	-	-
Chan Bee Cheng	1,300,000	0.35	-	-
Teoh Lay Fung	200,000	0.05	-	-
<u>Substantial Shareholders</u>				
FoundPac Holdings	137,000,000	37.03	-	-
Acme Sky Sdn Bhd	33,000,000	8.92	-	-
Andrew Su Meng Kit	-	-	33,000,000 ⁽²⁾	8.92

Notes: -

(1) Deemed interested under Section 8 of the Act via FoundPac Holdings.

(2) Deemed interested pursuant to Section 8 of the Act via Acme Sky Sdn Bhd.

Save as disclosed above, none of the Directors and major shareholders as well as persons connected with them have any interest, direct and/or indirect, in the Proposals.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board as a whole, is of the opinion that the Proposals are in the best interests of the Company, after having considered all aspects of the Proposals including but not limited to the rationale and effects of the Proposals, as set out in Section 4 and 5 of this Circular respectively. Accordingly, the Board (save for the interested Directors who have abstained from expressing an opinion and making any recommendation in respect of their respective proposed allocations, as well as allocations to persons connected with them under the Proposed ESOS) recommends that you vote in favour of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM.

13. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 22 November 2017, at 10.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Second AGM of FoundPac which will be held at the same venue and on the same day, whichever is the later, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM and wish to appoint a proxy to do so on your behalf, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, so as to arrive at the registered office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia not less than twenty-four (24) hours before the time fixed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the enclosed appendices for further information.

Yours faithfully
For and on behalf of the Board of
FOUNDPAC GROUP BERHAD

LEE CHUN WAH
Executive Director/Chief Executive Officer

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS

FOUNDPAC GROUP BERHAD
DRAFT BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME

1. NAME OF SCHEME

This Scheme shall be called the **"FoundPac Group Berhad's Employees' Share Option Scheme"** and for purposes of these By-Laws, it shall be referred to as the **"Employees' Share Option Scheme"** or the **"Scheme"**.

2. DEFINITIONS AND INTERPRETATIONS

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

"Act"	:	The Companies Act, 2016 and any subsequent amendments from time to time includes every statutory modification or re-enactment thereof for the time being force;
"Adviser"	:	A person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission's Principal Adviser's Guidelines;
"Authorised Nominee"	:	A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of Bursa Depository;
"Available Balance"	:	The unissued share capital of the Company which is available for offer of Options subject to the maximum limit as set out in By-Law 3.2 and after deducting all Shares under Options which have been granted;
"Board"	:	The Board of Directors of FoundPac;
"Bursa Depository" or "the Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W);
"Bursa Securities" or "the Exchange"	:	Bursa Malaysia Securities Berhad (635998-W);
"By-Law(s)"	:	The rules, terms and conditions of the Scheme set out herein;
"CDS"	:	Central Depository System;
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor;
"Central Depositories Act"	:	The Securities Industry (Central Depositories) Act 1991 including any amendments made thereto from time to time;

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

“Date of Expiry”	:	The last day of the duration of the Scheme referred to in By-Law 4 hereof or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 4 hereof;
“Daily Official List”	:	A list specifying all securities which have been admitted for listing on Bursa Securities and which have not been removed;
“Deposited Security(ies)”	:	A security standing to the credit of a CDS Account and includes a security in a CDS Account that is in suspense;
“Depositor”	:	A holder of a CDS Account;
“Director”	:	A natural person who holds a directorship in an executive or non-executive capacity in any company in the FoundPac Group;
“Effective Date”	:	The date the last of the approvals and/or conditions referred to in By-Law 4.1 hereof have been obtained and/or complied with;
“Eligible Person(s)”	:	An Employee(s) or Director(s) of the FoundPac Group who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 6 hereof;
“Employee”	:	A natural person who is employed by and on the payroll of any company in the FoundPac Group, including Director(s) within the FoundPac Group;
“Entitlement Date”	:	The date as at the close of business on which the names of the shareholders of the Company must appear on the Company's record of depositors in order to participate in any dividends, rights, allotments or other distributions;
“ESOS” or “Scheme”	:	The Employees' Share Option Scheme for the grant of Options to selected Eligible Persons to subscribe for new FoundPac Share(s) on the terms as set out herein;
“ESOS Committee”	:	The committee appointed from time to time by the Board pursuant to By-Law 17 to administer the Scheme;
“Exercise Period”	:	The specific period or periods within an Option Period during which Options may be exercised by Grantees, as determined by the ESOS Committee subject to By-Law 4 hereof;
“FoundPac Group” or the “Group”	:	FoundPac and its Subsidiaries as defined in Section 4 of the Act;

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

"FoundPac" or the "Company"	:	FoundPac Group Berhad (Company No. 1165946-H), a public limited company incorporated in Malaysia;
"FoundPac Share(s)" or the "Share(s)"	:	Ordinary share(s) in the capital of the Company;
"Grantee"	:	Any Eligible Person who has accepted the Offer by the Company in accordance with the terms of the Scheme;
"Government"	:	The Government of Malaysia;
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities;
"Market Day(s)"	:	Any day(s) on which Bursa Securities is open for trading of securities;
"Maximum Allowable Allotment"	:	The maximum number of new FoundPac Share(s) that can be offered to an Eligible Person falling within a particular category of Eligible Person as stipulated in By-Law 7 hereof;
"Offer"	:	An offer made in writing by the ESOS Committee to a selected Eligible Person in the manner indicated in By-Law 5 hereof;
"Offer Date"	:	The date on which an Offer is made to a selected Eligible Person to participate in the Scheme by the ESOS Committee;
"Option"	:	The right of a Grantee to subscribe for new FoundPac Share(s) pursuant to the contract constituted by the selected Eligible Person's acceptance of an Offer in the manner indicated in By-Law 8 hereof;
"Option Period"	:	A period commencing from the date an Offer is accepted in accordance with By-Law 8 and expiring on the last day of the period referred to in By-Law 4 hereof or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 4 hereof, provided that no Option Period shall extend beyond the period referred to in By-Law 4 hereof;
"Person connected"	:	Has the meaning given to "person connected" adopted in Paragraph 1.01 of the Listing Requirements;
"Registered Office"	:	The registered address of FoundPac;
"RM and sen"	:	Ringgit Malaysia and sen, respectively;

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

“Rules of Bursa Depository”	:	The Rules of Bursa Depository as issued pursuant to the Central Depositories Act;
“Senior Management”	:	An Employee of the FoundPac Group holding the position of senior manager and above or other senior positions as may be determined by the ESOS Committee from time to time;
“Subscription Price”	:	The price at which the Grantee shall be entitled to subscribe for every new FoundPac Share by exercising his Option as determined in accordance with By-Law 9 hereof;
“Subsidiaries”	:	Subsidiary companies within the meaning of Section 4 of the Act of FoundPac Group which are not dormant and shall include subsidiary companies which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiary companies which have been divested in the manner provided for in By-Law 25.2 and which is determined by the ESOS Committee at its absolute discretion from time to time to be a corporation participating under the Scheme in accordance with By-Law 6;

2.2 In these By-Laws:

- (i) Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (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 to by Bursa Securities and/or any other relevant regulatory authority);
- (ii) Any reference to a statutory provision shall include 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 any Options offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iii) Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- (iv) Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee or the Board may be exercised at the ESOS Committee's or the Board's discretion;
- (v) The heading in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws; and

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- (vi) If an event occurs 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 provided always if such date shall fall beyond the duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day.

2A. THE OBJECTIVES OF THE SCHEME

The establishment of this ESOS is to: -

- (i) recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of FoundPac Group;
- (ii) motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iii) inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- (iv) retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level; and
- (v) reward the Eligible Persons by allowing them to participate in the FoundPac Group's profitability and eventually realise any capital gains arising from appreciation in the value of the FoundPac Share(s).

The Scheme is also extended to the non-executive Directors of the FoundPac Group to instil a greater sense of involvement and enhance the working relationship between the non-executive Directors and the Group, as they discharge important functions, and their services and contributions are valued by the FoundPac Group.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 Each Option shall be exercisable into one (1) new FoundPac Share, fully issued and paid-up, in accordance with the provisions of these By-Laws.
- 3.2 The total number of new FoundPac Share(s) which may be made available and/or issued under the Scheme shall not be more than ten percent (10%) of the total number of issued Shares of the Company (excluding treasury shares) at any one time as referred to in By-Law 5 hereof. The ESOS Committee has the discretion in determining whether the total number of new FoundPac Share(s) which may be made available under the Scheme shall be staggered over the duration of the Scheme.
- 3.3 Notwithstanding the provision of By-Law 3.2 above or any other provisions contained herein, in the event the maximum number of new FoundPac Share(s) comprised in the Option granted under the Scheme exceeds the aggregate of ten percent (10%) of the total number of issued Shares of the Company (excluding treasury shares) as a result of the Company purchasing its own Shares or undertaking any corporate proposal and thereby diminishing its issued Shares, no further Options shall be offered until the total number of new FoundPac Share(s) to be issued under the Scheme falls below ten percent (10%) of the Company's total issued Shares (excluding treasury shares). Any Options granted prior to the adjustment of the issued Shares of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)**4. DURATION AND TERMINATION OF THE SCHEME**

4.1 The Effective Date for the implementation of the Scheme shall be the date the last of the following approvals and/or conditions have been obtained and/or complied with:

- (a) the submission to Bursa Securities of the final copy of the By-Laws together with a letter of compliance pursuant to paragraphs 2.12 and 6.42 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (b) the approval in-principle from Bursa Securities for the listing of the new FoundPac Share(s) to be issued under the Scheme;
- (c) the shareholders' approval for the Scheme at an extraordinary general meeting;
- (d) the approval of any other relevant authorities for the Scheme (if any); and
- (e) the fulfilment of all conditions attached to the above approvals, if any.

Unless otherwise terminated in accordance with By-Law 4.2 herein and subject to the compliance of the terms herein contained, the Scheme shall come in force on the Effective Date for a period of five (5) years commencing from the Effective Date **PROVIDED ALWAYS THAT** on or before the expiry thereof, the Board shall have the discretion upon recommendation of the ESOS Committee, without having to obtain the approval of the shareholders, to extend in writing the duration of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years commencing from the Effective Date **PROVIDED FURTHER THAT** the total duration of the Scheme shall not be more than ten (10) years from the Effective Date. In the event that the Scheme is extended or renewed in accordance with the terms herein, the ESOS Committee shall inform the renewed duration of the Scheme to the relevant Grantees in such manner of communication as the ESOS Committee deems fit. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme provided that the Company shall serve appropriate notices to Grantees and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme.

4.2 Offers can only be made during the duration of the Scheme.

4.3 The Company may at any time during the duration of the Scheme terminate the Scheme and shall immediately announce to Bursa Securities the:-

- (i) effective date of termination of the Scheme;
- (ii) number of Options exercised or Shares vested; and
- (iii) reasons for termination of the Scheme;

4.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse at 5.00p.m. on the Date of Expiry.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 4.5 The Company shall through its Adviser submit no later than five (5) Market Days after the Effective Date of the implementation of these By-Laws, a confirmation to Bursa Securities of the full compliance of By-Law 4.1 above stating the effective date of implementation of the Scheme, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the Scheme.

5. OFFER

- 5.1 The ESOS Committee may, at any time during the duration of the Scheme as defined in By-Law 4 hereof, make Offers in writing to any Eligible Person (based on the criteria of allocation as set out in By-Law 7 herein) selected by the ESOS Committee which selection shall be at the absolute discretion of the ESOS Committee.
- 5.2 The actual number of new FoundPac Share(s) which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to any adjustments that may be made under By-Law 14 hereof, but not more than the Maximum Allowable Allotment.
- 5.3 The ESOS Committee shall state the following particulars in the letter of Offer:-
- (a) The number of Options that are being offered to the Eligible Person;
 - (b) The number of FoundPac Share(s) which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (c) The Option Period;
 - (d) The Exercise Period;
 - (e) The Subscription Price;
 - (f) The Validity Period as defined in By-Law 8.1; and
 - (g) Any other information deemed necessary by the ESOS Committee.
- 5.4 Without prejudice to By-Law 18, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 5.3, the following provisions shall apply:-
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 5.3;
 - (b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
 - (c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 5.5 Subject to By-Law 3 hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate number of FoundPac Share(s) which may be offered to any Eligible Person (inclusive of FoundPac Share(s) previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allotment of that Eligible Person as set out in By-Law 7 hereof.
- 5.6 The ESOS Committee has the discretion not to make further additional Offers regardless of the amount of Available Balance.
- 5.7 The Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the FoundPac Group (as in the case of a non-executive Director, resigning from the Board) for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 8 hereof.
- 5.8 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.
- 5.9 After each adjustment following an alteration of the Company's share capital as stipulated in By-Laws 14.1 and 14.2 and the Company informing the Grantee of such adjustment pursuant to By-Law 14.6, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or the Subscription Price.
- 5.10 The Company shall keep and maintain at its own expense a register of Grantees and shall enter the names, addresses and identify card numbers of the Grantees, the Maximum Allowable Allotment, the number of Options offered, the number of Options exercised, the Date of Offer and the Exercise Price and other particulars as may be prescribed under Section 129 of the Act.
- 5.11 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the ESOS Committee to consider making, or to make, any Offer to any or all of the Eligible Persons.

6. ELIGIBILITY

- 6.1 Subject to By-Laws 6.2, 6.4 and 6.5 below, any Director or an Employee of the FoundPac Group shall be eligible to be considered for the offer of Options under the Scheme.
- 6.2 In the case of an Eligible Person, he/she will be eligible if at the date of the Offer, the following eligibility criteria is fulfilled:-
- (a) he/she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) with the exception of the non-executive Director(s), he/ she is employed on full time basis and who has been confirmed in service and has been employed for at least twelve (12) months; and/or
 - (c) is under such categories and criteria that the ESOS Committee may from time to time decide at its absolute discretion,

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

PROVIDED ALWAYS THAT the selection of any Director or Employee for participation in the Scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. In determining the eligibility of an Eligible Person to participate in the ESOS, the ESOS Committee may take into account amongst other factors, seniority, job grading, length of service and/or contribution to the relevant company within the Group, and/or such other factors that the ESOS Committee may in its sole and absolute discretion deem fit. The ESOS Committee shall also have the sole and absolute discretion to determine whether to stagger the allocation of Options available over the duration of the Scheme and whether there is any vesting period for the Options granted under the Scheme.

- 6.3 No Offer, allocation of Options under the Scheme and the related allotment of FoundPac Share(s) shall be made to the following persons unless the shareholders of FoundPac Share(s) in a general meeting shall have approved the specific allocation and allotment to such persons:

- (a) any person who is a director, major shareholder or chief executive of FoundPac or holding company of FoundPac ("**interested director**", "**interested major shareholder**" and "**interested chief executive**"); or
- (b) a person connected with an interested director, interested major shareholder or interested chief executive ("**interested person connected with a director, major shareholder or chief executive**").

In a meeting to obtain shareholder approval in respect of the above allocation and allotment:

- (aa) the interested director, interested major shareholder, interested chief executive or interested person connected with a director, major shareholder or chief executive; and
- (bb) where the allocation and allotment is in favour of an interested person connected with a director, major shareholder or chief executive, such director, major shareholder or chief executive,

must not vote on the resolution approving the said allocation and allotment. An interested director, interested major shareholder or interested chief executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation and allotment.

- 6.4 For the avoidance of doubt, the following persons are not Eligible Persons and do not qualify for participation in the Scheme:-

- (a) subject to By-Law 24 below, employees of a company which has ceased to be a subsidiary of FoundPac;
- (b) a Director or employee of a company within the Group which is dormant;
- (c) unless decided otherwise by the ESOS Committee in its discretion, employees recruited on a full time basis which has been employed for less than six (6) months;
- (d) unless decided otherwise by the ESOS Committee in its discretion, employees recruited under contracts of employment; and
- (e) employees that are on probation.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 6.5 A Grantee under the Scheme shall not be entitled to participate in any other share issuance scheme which may be implemented by any other company in the FoundPac Group during the duration of the Scheme.
- 6.6 Eligibility under the Scheme does not confer on an 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 or the FoundPac Share(s) comprised herein 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 Offer and the Scheme.
- 6.7 Subject to By-Laws 3.2 and 7.1, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine.
- 6.8 The ESOS Committee has the discretion not to make further Offers regardless of the amount of Available Balance.
- 6.9 Where an Offer to an Eligible Person who is a member of the ESOS Committee, such grant of Option shall be decided and carried out by the ESOS Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him who are also members of the ESOS Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be granted to him/her at the relevant ESOS Committee meetings.

7. MAXIMUM ALLOWABLE ALLOTMENT AND BASIS OF ALLOCATION

- 7.1 Subject to any adjustments which may be made under By-Laws and the maximum allowable allocation limit on the total number of Shares (including Shares already issued under the Scheme) under Options pursuant to By-Law 3, the aggregate number of new FoundPac Share(s) that may be offered and allotted to any of the Eligible Persons who are entitled to participate in the Scheme shall be on the basis set out in By-Law 7.2 subject always to the following main parameters:-
- (i) the Directors and Eligible Persons do not participate in the deliberation or discussion of their own allocation and the allocation to any person connected with them; and
 - (ii) the number of FoundPac Share(s) allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty percent (20%) or more in the total number of issued Shares (excluding treasury shares) of the Company, shall not exceed ten percent (10%) of the total number of FoundPac Share(s) to be issued under the Scheme and any other schemes involving issuance of new Shares to the Eligible Persons to be implemented from time to time; and
 - (iii) not more than seventy percent (70%) of the new FoundPac Share(s) available under the Scheme shall be allocated in aggregate to the Directors and Senior Management,

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

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 7.2 The basis for determining the aggregate number of new FoundPac Share(s) that may be offered under the Scheme and/or to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, *inter alia*, the seniority, job grading, length of service and/or contribution to the Group by the Eligible Person and/or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit and the maximum allowable allocation limit on the total number of Shares (including Shares already issued under the Scheme) under Options to be offered to an Eligible Person shall be based on the group of Employees as decided by the ESOS Committee.
- 7.3 Subject to By-Law 18, the ESOS Committee may at its sole and absolute discretion and pursuant to By-Law 17, amend or vary and/or include or preclude any basis or criteria which is applied in considering Offers to Eligible Persons including details of the category of Employees and/or thresholds of Maximum Allowable Allotment for which it shall deem necessary to introduce during the duration of the Scheme provided that these additional categories and/or basis are in compliance with the relevant Listing Requirements and applicable laws.
- 7.4 Any Eligible Person who holds more than one (1) position within the FoundPac Group (including a Director who is an Employee of the FoundPac Group and who sits on the board(s) of directors of any one (1) or more corporations within the FoundPac Group), and is therefore an Eligible Person in more than one category or capacity, shall be entitled to the Maximum Allowable Allotment of only one (1) category to be determined by the ESOS Committee at its sole and absolute discretion.
- 7.5 In the event that an Eligible Person is promoted to a higher category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her as at the effective date of promotion and his/her Maximum Allowable Allotment shall be increased in accordance with his/her new category as provided in By-Law 7.2 effective from such date.
- 7.6 In the event that an Eligible Person is demoted to a lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her as at the effective date of demotion and his/her Maximum Allowable Allotment shall be reduced in accordance with his/her new category as provided in By-Law 7.2 effective from such date, unless otherwise determined by the ESOS Committee. In the event the total number of Shares in respect of Options which have been accepted by such demoted Eligible Person up to the effective date of his/her demotion is higher than the Maximum Allowable Allotment for his/her new category pursuant to such demotion, he/she shall not be entitled to be offered any further Options unless and until he/she is subsequently promoted to a higher category or in such event where the Maximum Allowable Allotment is amended as provided in By-Law 7.3 or revised by the ESOS Committee resulting in his/her Maximum Allowable Allotment being increased to an amount greater than the total number of Shares in respect of Options which have already been accepted by him/her.
- 7.7 The ESOS Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Allowable Allotment. The decision of the ESOS Committee shall be final and binding.
- 7.8 The allocation of Options pursuant to the Scheme shall be verified by the Company's Audit Committee, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

8. ACCEPTANCE OF THE OFFER

- 8.1 An Offer shall be valid for a period of thirty (30) calendar days from the Offer Date or such longer period as the ESOS Committee at its discretion, may determine on a case to case basis ("**Validity Period**"). Acceptance of the Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of shares comprised therein).
- 8.2 In the event that the Eligible Person fails to accept the Offer or pay the acceptance consideration as set out in By-Law 8.1 hereof within the Validity Period and in the manner aforesaid, the Offer shall be deemed to have lapsed.
- 8.3 Within thirty (30) calendar days after the due acceptance of the Offer in accordance with the provisions of this By-Law, the ESOS Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the ESOS Committee. For the avoidance of doubt, the Grantee is entitled to exercise the Options granted to and accepted by him/her in accordance with By-Law 8.1 above pending the issuance of a certificate of Option by the ESOS Committee to the Grantee.
- 8.4 An administrative cost of Ringgit Malaysia Thirty (RM30.00) and any associated cost for the replacement of lost certificate of Options shall be fully borne by the Grantee and such Grantee shall have to sign a statutory declaration for the loss of the certificate of Options.

9. SUBSCRIPTION PRICE

- 9.1 The Subscription Price of each Share comprised in any Option shall be the volume weighted average market price of the FoundPac Share(s) for the five (5) Market Days immediately preceding the Offer Date subject to a discount of not more than ten percent (10%) therefrom or such price or other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time.
- 9.2 The Subscription Price shall be stipulated on each certificate of Option.
- 9.3 The Subscription Price shall be subject to any adjustments provided under By-Law 14 herein.

10. EXERCISE OF OPTION

- 10.1 Subject to By-Laws 10.2 and 10.7 hereof, an Option can be exercised by the Grantee by notice in the prescribed form to the Company on such day(s) of the calendar month (which shall be a Market Day) as the ESOS Committee may notify the Grantee during the Exercise Period in respect of all or any part of the FoundPac Share(s) comprised in the Option, such part being in multiples of one hundred (100) FoundPac Share(s) unless the ESOS Committee shall otherwise agree. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the FoundPac Share(s) comprised in the Option.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 10.2 Subject to By-Laws 14 and 18 hereof, the ESOS Committee may, at any time and from time to time, before and after an Option is granted, limit the exercise of the Option to a maximum number of new FoundPac Share(s) and/or such percentage of the total new FoundPac Share(s) comprised in the Option during such periods within the Option Period, subject the exercise of the Option to any vesting condition determined by the ESOS Committee at its sole and absolute discretion including but not limited to performance targets being achieved before an Option(s) can be exercised and/or impose any other terms and/or conditions (including the time period to exercise the Options) as the ESOS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier.
- 10.3 Every such notice to exercise the Option referred to in By-Law 10.1 hereof shall be accompanied by a remittance in RM in the form of a bankers' draft or cashiers' order drawn and payable in Malaysia or any other form acceptable to the ESOS Committee for the full amount of subscription monies (calculated in accordance with the provisions of By-Law 9 hereof) in relation to the number of new FoundPac Share(s) in respect of which the written notice is given.
- 10.4 The Company shall allot and issue such new FoundPac Share(s) to the Grantee in accordance with the provisions of the Company's Articles of Association, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment to the Grantee and make an application for the listing of and quotation for the new FoundPac Share(s) within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.
- 10.5 The ESOS Committee, the Board of FoundPac Group and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in allotting and issuing the new FoundPac Share(s) or in procuring Bursa Securities to list the new FoundPac Share(s) for which the Grantee is entitled to subscribe or otherwise.
- 10.6 The Grantee who exercises his Option shall provide the ESOS Committee with his CDS Account number or the CDS Account number of his Authorised Nominee, as the case may be, in the notice referred to in By-Law 10.1 hereof. The new FoundPac Share(s) to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee or his Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS Account will be issued to the Grantee within eight (8) Market Days from the receipt by the Company of the written notice of exercise of the Option together with the requisite remittance of subscription monies and no physical share certificate will be issued.
- 10.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the ESOS Committee shall have the right, to suspend the Grantee's Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT:**

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- (a) in the event that such Grantee shall subsequently be found not guilty of the charges which give rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his Option;
- (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; and
- (c) in the event such Grantee is found guilty but not dismissed or termination of service is not recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.

The Board may, after a warning/caution letter has been issued to a Grantee by the relevant company within the Group, recommend to the ESOS Committee to suspend the Grantee's Option. The ESOS Committee shall, upon receipt of such recommendation by the Board, suspend the Grantee's Option until such time as the Board determines at its discretion whether or not the Grantee may continue to exercise his Option and if so, whether to impose such limits, terms and conditions as the Board deems appropriate, on such exercise.

For the purpose of this By-Laws, a Grantee shall be deemed to be subject to "disciplinary proceedings" if:

- (i) he/she is suspended from work pending investigation into his/ her conduct;
- (ii) he/she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or
- (iii) such other instances as the Board may deem as being subject to disciplinary proceedings.

- 10.8 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse.
- 10.9 The Company will undertake to keep sufficient unissued FoundPac Share(s) to satisfy all outstanding Options, which may be exercisable from time to time during the existence of the Scheme.
- 10.10 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the notice to exercise or inaccuracy in the CDS Account number provided shall result in the notice to exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the Grantee shall not have deemed to have exercised his/her Option.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 10.11 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the relevant authorities 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 to exercise the Options or for any errors in any Offers or any other matters or dealings which are outside the control of the Company, the Board and/or the ESOS Committee.
- 10.12 Every Option shall be subjected to the condition that no new FoundPac Share(s) shall be issued pursuant to the exercise of an Option 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 Option Period or such period as may be extended.

11. RIGHTS ATTACHING TO OPTIONS AND THE NEW FOUNDPAC SHARE(S)

- 11.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 11.2 A Grantee shall not be entitled to any dividends, right or other entitlements on his unexercised Options in relation to the Shares yet to be issued.
- 11.3 The new FoundPac Share(s) to be allotted upon the exercise of the Options shall upon allotment, issuance and full payment, rank *pari passu* in all respects with the existing FoundPac Share(s) save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the Entitlement Date of which is prior to the date of allotment of the said new FoundPac Share(s).
- 11.4 The new FoundPac Share(s) will be subject to all provisions of the Articles of Association of the Company.

12. NON-TRANSFERABILITY

- 12.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 13.1, 13.2, 13.3 and 13.5, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment in any company in the Group.
- 12.2 An Option so granted 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 13.5. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)**13. TERMINATION OF THE OPTION**

13.1 In the event a Grantee ceases to be in the employment of the Group for whatever reason prior to the full exercise of an Option, such Option or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the ESOS Committee may, at its absolute discretion, by notice in writing, permit such Option to remain exercisable during the Option Period if such cessation occurs by reason of:

- (i) retirement on attaining the retirement age under the Group's retirement policy; or
- (ii) retirement before attaining the normal retirement age but with the consent of the ESOS Committee; or
- (iii) transfer to any company outside the Group at the direction of the Company; or
- (iv) redundancy; or
- (v) ill-health, injury, physical or mental disability; or
- (vi) the insanity or bankruptcy of the Grantee; or
- (vii) any other circumstances which are acceptable to the ESOS Committee subject to the approval and/or ratification by the Board.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any 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 his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

13.2 Unless otherwise agreed in writing by the ESOS Committee at its absolute discretion, upon the resignation of the Grantee from his employment or directorship with the Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his resignation. Any Option which lapses upon the resignation of the Grantee from his employment or directorship with Group (as the case may be), at the discretion of the ESOS Committee, shall be offered to other Eligible Persons.

13.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.

13.4 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.

13.5 Where a Grantee dies before the expiry of the Option Period, the whole or any part of the Option held by the Grantee that is unexercised shall lapse after the expiry of twelve (12) months from the date of the Grantee's death unless exercised by the legal representatives of the Grantee prior to the expiry of such period in accordance with the terms and/or conditions as set out by the ESOS Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Option Period.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)**14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD**

- 14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of FoundPac Share(s) or reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to:
- (a) the number of FoundPac Share(s) which a Grantee shall be entitled to subscribe for upon the exercise of each Option; and/or
 - (b) the Subscription Price.
- 14.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 14.1:
- (a) any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen; and
 - (b) in determining a Grantee's entitlement to subscribe for FoundPac Share(s), any fractional entitlements will be disregarded.
- 14.3 By-Law 14.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) an issue of new FoundPac Share(s) or other securities convertible into FoundPac Share(s) or rights to acquire or subscribe for FoundPac Share(s) in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (b) a special issue of new FoundPac Share(s) to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;
 - (c) a private placement/restricted issue of new FoundPac Share(s) by the Company;
 - (d) an issue of new FoundPac Share(s) arising from the exercise of any conversion rights attached to securities convertible to FoundPac Share(s) or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;
 - (e) an issue of new FoundPac Share(s) upon the exercise of Options pursuant to the Scheme;
 - (f) an issue of further Options to Eligible Persons under these By-Laws; and
 - (g) a purchase by the FoundPac of its own Share(s) pursuant to Section 127 of the Act.
- 14.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Subdivision 2, Division 7, Part III of the Act, By-Law 14.1 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, save that By-Law 14.3 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 which falls within By-Law 14.3.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 14.5 In the event the Court sanctions a compromise or arrangements between the Company and its members proposed for the purposes of, or in connection with, a scheme for arrangement or reconstruction of the Company under Subdivision 2, Division 7, Part III of the Act or its amalgamation with any other company or companies under Subdivision 2, Division 7, Part III of the Act, any Option should remain exercisable by the Grantee at any time and from time to time in the period commencing with the date upon which the compromise or arrangements is sanctioned by the court and ending with the date upon which it becomes effective or within the Option Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.
- 14.6 Upon any adjustment being made, the ESOS Committee shall within ten (10) Market Days give notice in writing to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.
- 14.7 Save for any alteration in the capital structure of the Company during the Option Period arising from bonus issues, all adjustments must be confirmed in writing by an approved company auditor or the Company's Adviser, acting as an expert and not as an arbitrator, to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor or the Company's Adviser (as the case may be) to the effect that in the opinion of such auditor or the Company's Adviser (as the case may be), acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards such Grantee, and such certification shall be final and binding on all parties. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 2(1) of the Act and shall be the external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.
- 14.8 The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in By-Law 14.9.
- 14.9 In addition to By-Law 14.1 and not in derogation thereof, the Subscription Price and the number of new FoundPac Share(s) relating to the Option so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Adviser and/or an auditor:
- (a) If and whenever a FoundPac Share by reason of any consolidation or subdivision or conversion shall have a different value, the Subscription Price shall be adjusted and the additional number of new FoundPac Share(s) relating to the Option to be issued shall be calculated in accordance with the following formula:

$$\text{New Subscription Price} = \left[\frac{A}{B} \right] \times S$$

For consolidation of Shares

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

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

For subdivision of Shares

$$\text{Additional Shares under Options} = T \times \left[\frac{B}{A} \right] - T$$

Where:-

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

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

S = Existing Subscription Price; and

T = Existing number of Shares under the Options

Each such adjustment will be effective from the close of business on the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the FoundPac Share(s) are traded on Bursa Securities at the new value), or such period as may be prescribed by Bursa Securities.

- (b) If whenever the Company shall make any issue of FoundPac Share(s) to ordinary shareholders credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Subscription Price} = S \times \left[\frac{A}{A + B} \right]$$

and the additional number of new FoundPac Share(s) relating to the Option to be issued shall be calculated as follows:

$$\text{Number of Additional FoundPac Share(s)} = T \times \left[\frac{A+B}{A} \right] - T$$

Where

A = the aggregate number of issued and fully paid-up FoundPac Share(s) immediately before such bonus issue or capitalisation issue;

B = the aggregate number of FoundPac Share(s) to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund); and

T = existing number of FoundPac Share(s) relating to the Option.

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

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

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

then and in respect of each such case, the Subscription Price 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 14.9(c)(ii) hereof, the number of additional new FoundPac Share(s) comprised in the Option to be issued shall be calculated as follows:

$$\text{Number of Additional Share(s)} = T \times \left[\frac{C}{C-D^*} \right] - T$$

where

- T = existing number of FoundPac Shares relating to the Option;
- C = the current 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; and
- D =
- (i) in the case of an offer or invitation to acquire or subscribe for FoundPac Share(s) by way of rights under By-Law 14.9(c)(ii) above or for securities convertible into FoundPac Share(s) or securities with rights to acquire or subscribe for FoundPac Share(s) under By-Law 14.9(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
 - (ii) in the case of any other transaction falling within By-Law 14.9(c) hereof, the fair market value, as determined by the Adviser and/or an auditor, of that portion of the Capital Distribution attributable to one (1) Share.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

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

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

where:

- C = as C above;
- E = the subscription consideration for one (1) additional Share under the terms of such offer or invitation or subscription price for one (1) additional 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;
- F = the number of FoundPac Share(s) which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into rights to acquire or subscribe for one (1) additional Share; and
- D* = the value of rights attributable to one (1) Share (as defined below).

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

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

where:

- C = as C above;
- E* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and
- F* = the number of FoundPac Share(s) which it 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 14.9(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 Shares (not falling under By-Law 14.9(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund). Any dividend declared or provided for by the Company in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless the aggregate dividends declared or provided for the financial year is less than ten percent (10%) of the value of the FoundPac Share(s).

Any dividend charged or provided for in the accounts of 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 profit and loss accounts of the Company.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.9 (b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.9(c)(ii) or (iii) above and the book closure date for the purpose of the allotment is also book closure date for the purpose of the offer or invitation, the Subscription 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 an allotment to its ordinary shareholders as provided in By-Law 14.9(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.9(c)(ii) above and the entitlement date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the number of additional new FoundPac Share(s) relating to the Option to be issued shall be calculated as follows:

$$\text{Number of Additional FoundPac Share(s)} = T \times \left[\frac{[(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} \right] - T$$

B = as B above;

C = as C above;

G = the aggregate number of issue and fully paid-up FoundPac Share(s) on the book closure date;

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

H* = the aggregate number of new FoundPac Share(s) under an offer or invitation to acquire or subscribe for FoundPac Share(s) by way of rights;

I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for FoundPac Share(s) or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional FoundPac 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 FoundPac Share(s); and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for FoundPac Share(s) as provided in By-Law 14.9(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shareholders as provided in By-Law 14.9(c)(iii) above, the Subscription 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 new FoundPac Share(s) relating to the Option to be issue shall be calculated as follows:

$$\text{Number of Additional FoundPac Share(s)} = T \times \left[\frac{(G + H^*) \times C - T}{(G \times C) + (H^* \times I^*)} \right]$$

where:

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of FoundPac Share(s) to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for FoundPac Share(s) 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 FoundPac Share; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.9(b) above and also makes an offer or invitation to acquire or subscribe for FoundPac Share(s) to its ordinary shareholders as provided in By-Law 14.9(c)(ii) above, together with rights to acquire or subscribe for FoundPac Share(s) as provided in By-Law 14.9(c)(iii) above, and the book closure date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

and the number of additional new FoundPac Share(s) relating to the Option to be issued shall be calculated as follows:

$$\text{Number of Additional FoundPac Share(s)} = T \times \left[\frac{[(G + H^* + B) \times C] - T}{(G \times C) + (H^* \times I^*)} \right]$$

where:

B	=	as B above;
C	=	as C above;
G	=	as G above;
H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;
J	=	as J above;
K	=	as K above; and
T	=	as T above.

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

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 14.9(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any FoundPac Share(s) or any securities convertible into FoundPac Share(s) or any rights to acquire or subscribe for FoundPac Share(s), and in any such case, the Total Effective Consideration per FoundPac Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the FoundPac Share(s) will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

where:

L	=	the number of FoundPac Share(s) in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
M	=	the number of FoundPac Share(s) which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

N = the aggregate number of FoundPac Share(s) so issued or, in the case of securities convertible into FoundPac Share(s) or rights to acquire or subscribe for FoundPac Share(s), the maximum number (assuming no adjustment of such rights) of FoundPac Share(s) issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 14.9(g), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an Adviser and/or an auditor and shall be:

- (i) in the case of the issue of FoundPac Share(s), 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 with rights to acquire or subscribe for FoundPac Share(s), 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 FoundPac Share(s), 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 commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of FoundPac Share(s) issued as aforesaid or, in the case of securities convertible into FoundPac Share(s) or securities with rights to acquire or subscribe for FoundPac Share(s), by the maximum number of FoundPac Share(s) issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 14.9(g), the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of FoundPac Share(s) as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such FoundPac Share(s) is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the next Market Day following the date on which the issue is announced, or (failing any such announcement) on the next Market Day following the date on which the Company determines the offering price of such FoundPac Share(s). Each such adjustment will be effective (if appropriate retroactively) from the close of the Market Day preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such FoundPac Share(s), securities or rights.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- 14.10 Notwithstanding the other provisions referred to in By-Law 14.9, in any circumstances where the ESOS Committee consider that adjustments to the Subscription Price and/or any additional new FoundPac Share(s) relating to Options to be issued as provided for under the provisions hereof should not be made or should be calculated on a different basis or different date or that an adjustment to the Subscription Price and/or the issuance of additional new FoundPac Share(s) relating to Options should be made notwithstanding that no adjustment or further issuance is required under the provisions hereof, the Company may appoint an Adviser and/or an auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such Adviser and/or auditor shall consider the adjustment calculation or determination to be inappropriate, the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser and/or auditor to be in their opinion appropriate.

15. QUOTATION OF NEW SHARES

If at the time of allotment of the new FoundPac Share(s) pursuant to the exercise of an Option, the existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities for its permission to deal in and for quotation of the new FoundPac Share(s) so allotted in accordance with By-Law 10.4.

16. RETENTION PERIOD

The new FoundPac Share(s) to be allotted and issued to the Grantee pursuant to the exercise of any Option under this Scheme will not be subjected to any retention period except that a non-executive Director must not sell, transfer or assign Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Offer Date.

17. ADMINISTRATION

This Scheme shall be administered by the ESOS Committee comprising such persons as shall be appointed from time to time by the Board. The Board shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board to administer the Scheme in such manner it shall in its discretion deem fit. The ESOS Committee may, for the purpose of administering the Scheme, do all 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 Scheme which the ESOS Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)**18. AMENDMENT AND/OR MODIFICATION TO THE SCHEME**

- 18.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained (if required under the Listing Requirements and applicable laws and regulations), the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-Laws shall be made which will:-
- (a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
 - (b) Prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (c) Alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the Bylaws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.
- 18.2 Any amendments/modifications to the By-Laws shall not contravene any of the provisions of the guidelines on employee share issuance schemes as stipulated under the Listing Requirements and/or any other relevant regulatory authority in relation to ESOS.
- 18.3 Upon amending and/or 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 in the form required under the Listing Requirements that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements on ESOS and the Rules of Bursa Depository.
- 18.4 The Grantees shall be given written notices in the term prescribed by the ESOS Committee from time to time if any conditions, amendments to and/or modifications of these By-Laws within five (5) Market Days of any of the foregoing taking effect.

19. DISPUTES

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or a Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Grantee, as the case may be **PROVIDED THAT** where the dispute or difference 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. The said decision shall be final and binding on the parties unless the Eligible Person or the Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) calendar days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the approved Company external auditors as defined under Section 2(1) of the Act for the time being, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the external auditors are unable to reach a decision in respect of the dispute, such dispute shall be referred to

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

a court of law of competent jurisdiction in Malaysia, whose decision shall be final and binding in all respects.

20. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. 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 FoundPac Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

21. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new FoundPac Share(s) pursuant to the exercise of any 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 Option.

22. ARTICLES OF ASSOCIATION

Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall prevail at all times.

23. INSPECTION OF AUDITED ACCOUNTS

All Grantees are entitled to inspect the latest audited accounts of the Company during the normal office hours on any working day at the Registered Office of the Company.

24. TRANSFER FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (i) a Director or an Employee who was employed in a company which is not within the Group and is subsequently transferred from such company to any company within the Group; and
- (ii) a Director or an Employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (i) above;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "Previous Company"), such a Director or an Employee of the Previous Company ("the Affected Director/Employee"), subject to By-Law 6 hereof, will:

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- (a) be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Previous Company's ESOS in accordance with the By-Laws of such Previous Company's ESOS but he/she shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS; and/or
- (b) be eligible to participate in the Scheme only for the remaining duration of the Scheme, subject to the ESOS Committee's approval; and/or
- (c) if the Affected Director/Employee had participated in the Previous Company's ESOS, the number of new FoundPac Share(s) to be offered to such Affected Director/Employee under the Scheme shall be subject to the discretion of the ESOS Committee.

25. DIVESTMENT FROM THE GROUP

25.1 If a Grantee who was in the employment of a company in the FoundPac Group, which was subsequently divested wholly, or in part, from the FoundPac Group, then such Grantee:

- (i) will be entitled to continue to exercise all such unexercised Options which were granted to him/her under the Scheme within a period of six (6) months from the date of completion of such divestment and within the Option Period, failing which the right of such Grantee to subscribe for that number of the new FoundPac Share(s) or any part thereof granted under such unexercised Options shall automatically lapse upon the expiration of the said six (6)-month period and be null and void and of no further force and effect; and
- (ii) shall not be eligible to participate for further Options under the Scheme. For the avoidance of doubt, where the Grantee was in the employment of a company in the FoundPac Group and that company was subsequently partially divested from the FoundPac Group, which resulted in a subsequent holding of fifty percent (50%) or more by the FoundPac, then such Grantee shall be entitled to all his/ her rights in relation to the unexercised Options and he/ she shall be eligible for further participation of the Options under the Scheme.

25.2 For the purpose of By-Law 25.1, a company shall be deemed to be divested from the FoundPac Group in the event that such company would no longer be a subsidiary of FoundPac pursuant to Section 4 of the Act.

26. TAKEOVER

Notwithstanding By-Law 10 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (i) a take-over offer being made for the Company, under the Rules on Take-Over, Mergers, and Compulsory Acquisitions, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer ("**Offeror**") or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable until the expiry of the Option Period applicable thereto; and

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new FoundPac Share(s) under the provisions of the Capital Markets and Services Act 2007 and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his Option from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

27. SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION

Notwithstanding By-Law 10 hereof and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 370 of the Act or its amalgamation with any other company or companies under Section 370 of the Act, any Option shall remain exercisable by the Grantee at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective or such other date as the ESOS Committee may deem fit. Upon such date, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

28. SUBSEQUENT EMPLOYEE SHARE ISSUANCE SCHEMES

Subject to the approval of the relevant authorities and/or the shareholders of the Company, the Company may establish a new ESOS after the expiry date of this Scheme if this Scheme is not renewed or upon termination of this Scheme. Where this Scheme has been renewed (in accordance with By-Law 4), a new ESOS may be established upon expiry of the renewed ESOS, if any.

29. NO COMPENSATION

- 29.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 29.2 No Eligible Person or Grantee or legal personal representatives shall bring any claim, action or proceeding against the Company or the Board of FoundPac or the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-Laws, as may be amended from time to time in accordance with By-Law 18 hereof.

30. TAXES

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

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

31. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

32. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised Options.

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the 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 and provision herein contained.

34. GOVERNING LAW AND JURISDICTION

- 34.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Grantee shall 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.
- 34.2 Any proceeding or action shall be instituted or taken in Malaysia and the Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 34.3 Any Offer made to Eligible Persons pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

35. NOTICE

- 35.1 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 address, such notice shall be deemed to have been received three (3) Market Days after posting;
 - (b) if it is given 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;
 - (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 upon confirmation or notification received after the sending of notice or request by the Company.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (CONT'D)

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

- 35.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its registered address or any other address which may be notified in writing by the ESOS Committee from time to time.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy and correctness of the information given in this Circular and confirms that, after making all reasonable enquiries, that to best of their knowledge and belief, there is no false or misleading statement or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

TA Securities has given and has not withdrawn its written consent to the inclusion of its name in the form and context in which it is included in this Circular.

TA Securities has confirmed that they are not aware of any circumstances that exist or are likely to exist which would give rise to a possible conflict of interest situation, in relation to its role as the Adviser to the Company for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

As at the LPD, the Board is not aware of any material commitment incurred or known to be incurred by the Company or the Group, which in the opinion of the Directors, will or may significantly affect the financial position of the Group.

3.2 Contingent liabilities

As at the LPD, the Board is not aware of any contingent or other liability has become enforceable, or is likely to become enforceable, in the opinion of the Directors, will or may affect the ability of the Company or the Group to meet their obligations when they fall due.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither the Company nor the Group is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings, pending or threatened, against the Company or the Group of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

5. MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being the contracts entered into in the ordinary course of business) which have been entered into by FoundPac Group within the past two (2) years immediately preceding the date of this Circular: -

FURTHER INFORMATION (CONT'D)

- (i) Share sale agreement dated 16 February 2016 entered into between FPSB Vendors, FoundPac and FoundPac Holdings for the acquisition of FPSB for a total consideration of RM11,500,000 satisfied entirely via issuance of 114,999,980 new FoundPac Shares. The FPSB Vendors had nominated FoundPac Holdings to be the recipient and the legal and beneficial owner of the FoundPac Shares;
- (ii) Share sale agreement dated 16 February 2016 between FoundPac Tech Vendors, FoundPac and FoundPac Holdings for the acquisition of FoundPac Tech for a total consideration of RM21,500,000 satisfied entirely via issuance of 215,000,000 new FoundPac Shares. The FoundPac Tech Vendors had nominated FoundPac Holdings to be the recipient and the legal beneficial owner of the FoundPac Shares;
- (iii) Underwriting agreement dated 29 November 2016 between TA Securities and FoundPac for the underwriting of the 18,500,000 Shares made available for application by the Malaysian public at the underwriting commission rate of 2.00% of the total value of the underwritten Shares at the offer price of RM0.54 per Share pursuant to FoundPac's initial public offering; and
- (iv) Share sale agreement dated 25 September 2017 between Lim Seng Chiew, Lim Seng Choon and FoundPac for the acquisition of 187,500 ordinary shares, representing 75% equity interest in Dynamic Stencil Sdn Bhd for a total cash consideration of RM16,500,000.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, during normal business hours from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (except public holidays) for the period commencing from the date of this Circular up to and including the date of forthcoming EGM: -

- (i) the Memorandum and Articles of Association of FoundPac;
- (ii) the audited consolidated financial statements of FoundPac for the past two (2) FYE 30 June 2016 to FYE 30 June 2017;
- (iii) the draft By-Laws in relation to the Proposed ESOS as set out in Appendix I of this Circular;
- (iv) the letter of consent and declaration on conflict of interest, as referred to in Section 2 of this appendix; and
- (v) the material contracts as set out in Section 5 of this appendix.

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FOUNDPAC GROUP BERHAD

(Company No. 1165946-H)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of FoundPac Group Berhad (“**FoundPac**” or “**Company**”) will be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 22 November 2017, at 10.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Second Annual General Meeting of the Company which will be held at the same venue on the same day, whichever is the later, or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions, with or without any modifications as shall be determined upon at such meeting:

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 148,000,000 NEW ORDINARY SHARES IN FOUNDPAC (“BONUS SHARES”) ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN FOUNDPAC (“FOUNDPAC SHARES” OR “SHARES”) HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER (“ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE”)

“THAT approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to issue up to 148,000,000 Bonus Shares on the basis of two (2) Bonus Shares for every five (5) existing FoundPac Shares held by the shareholders of the Company at the Entitlement Date (“**Entitled Shareholders**”);

AND THAT the Board be and is hereby authorised to capitalise a total sum of up to RM14,800,000 from the Company’s share premium and retained profits account for the purpose of the Proposed Bonus Issue;

AND THAT such Bonus Shares shall upon, allotment and issuance, rank *pari-passu* in all respects with the then existing FoundPac Shares. Fractional entitlements, if any, arising from the Proposed Bonus Issue shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to do all acts and things as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any condition, modification, variation and/or amendments as may be required, or imposed by the relevant authorities, and to take all steps and to enter into such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or persons and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Bonus Issue”.

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE ISSUED SHARES OF FOUNDPAC (EXCLUDING TREASURY SHARES) FOR THE DIRECTORS AND ELIGIBLE EMPLOYEES OF FOUNDPAC AND ITS SUBSIDIARIES (“FOUNDPAC GROUP” OR “GROUP”) (EXCLUDING DORMANT SUBSIDIARIES) (“PROPOSED ESOS”)

“THAT subject to the provisions under the Companies Act, 2016 (“**Act**”) and the approvals of the relevant authorities being obtained for the Proposed ESOS, approval be and is hereby given for the Company to: -

- (a) establish and administer the Proposed ESOS which involves the granting of options to all eligible Directors and employees of the FoundPac Group (excluding dormant subsidiaries) who meet the criteria of eligibility for participation of the Proposed ESOS ("**Eligible Persons**") as set out in the By-laws ("**By-Laws**"), a draft of which is set out in Appendix I of the circular to Shareholders dated 30 October 2017 ("**Circular**");
- (b) allot and issue such number of new FoundPac Shares to the Eligible Persons from time to time as may be required in connection with the implementation of the Proposed ESOS while this approval is in force provided that the aggregate number of FoundPac Shares to be allotted and issued shall not exceed ten percent (10%) of the issued shares of the Company (excluding any treasury shares) at any one time throughout the duration of the Proposed ESOS;
- (c) make necessary applications, and to do all things necessary at the appropriate time or times, to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new FoundPac Shares which may from time be allotted and issued pursuant to the Proposed ESOS. Such new FoundPac Shares will, upon allotment and issuance, rank *pari passu*, in all respects with the then existing FoundPac Shares, save and except the new FoundPac Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the new FoundPac Shares;
- (d) modify and/or amend the Proposed ESOS from time to time provided that such modification and/or amendments are effected in accordance with the By-Laws relating to modifications and/or amendments and to do all such acts and enter into all such transactions, arrangements, and agreements as may be necessary or expedient in order to give rise full effect to the Proposed ESOS; and
- (e) extend the duration of the Proposed ESOS for up to another five (5) years immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the effective date of implementation of the Proposed, if the Board deems fit;

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed ESOS with full power to modify and/or amend the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws relating to modifications and/or amendments and to assent to any conditions, variation, modification and/or amendment as may be necessary or expedient and/or imposed by and/or agreed with the relevant authorities".

ORDINARY RESOLUTION 3

PROPOSED GRANTING OF OPTIONS TO TAN CHEIK EAIK, THE INDEPENDENT NON-EXECUTIVE CHAIRMAN OF THE COMPANY PURSUANT TO THE PROPOSED ESOS

"THAT, subject to the passing of Ordinary Resolution 2 above and the approvals of all relevant authorities and parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Tan Cheik Eaik, the Independent Non-Executive Chairman of the Company, options to subscribe for up to 2,000,000 new FoundPac Shares under the Proposed ESOS, provided that at the point the options are offered to Tan Cheik Eaik, his allocation is not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total FoundPac Shares made available under the Proposed ESOS if he either singly or collectively through persons connected with him, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of the Company (excluding treasury shares), and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF OPTIONS TO LEE CHUN WAH, EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER OF THE COMPANY PURSUANT TO THE PROPOSED ESOS

“THAT, subject to the passing of Ordinary Resolution 2 above and the approvals of all relevant authorities and parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Lee Chun Wah, the Executive Director/Chief Executive Officer of the Company, options to subscribe for up to 5,000,000 new FoundPac Shares under the Proposed ESOS, provided that at the point the options are offered to Lee Chun Wah, his allocation is not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total FoundPac Shares made available under the Proposed ESOS if he either singly or collectively through persons connected with him, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of the Company (excluding treasury shares), and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

ORDINARY RESOLUTION 5

PROPOSED GRANTING OF OPTIONS TO TAN SIN KHOON, EXECUTIVE DIRECTOR/CHIEF OPERATING OFFICER OF THE COMPANY PURSUANT TO THE PROPOSED ESOS

“THAT, subject to the passing of Ordinary Resolution 2 above and the approvals of all relevant authorities and parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Tan Sin Khoon, the Executive Director/Chief Operating Officer of the Company, options to subscribe for up to 5,000,000 new FoundPac Shares under the Proposed ESOS, provided that at the point the options are offered to Tan Sin Khoon, his allocation is not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total FoundPac Shares made available under the Proposed ESOS if he either singly or collectively through persons connected with him, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of the Company (excluding treasury shares), and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

ORDINARY RESOLUTION 6

PROPOSED GRANTING OF OPTIONS TO ONG CHOON HENG, EXECUTIVE DIRECTOR/CHIEF FINANCIAL OFFICER OF THE COMPANY PURSUANT TO THE PROPOSED ESOS

“THAT, subject to the passing of Ordinary Resolution 2 above and the approvals of all relevant authorities and parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Ong Choon Heng, the Executive Director/Chief Financial Officer of the Company, options to subscribe for up to 5,000,000 new FoundPac Shares under the Proposed ESOS, provided that at the point the options are offered to Ong Choon Heng, his allocation is not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total FoundPac Shares made available under the Proposed ESOS if he either singly or collectively through persons connected with him, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of the Company (excluding treasury shares), and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

ORDINARY RESOLUTION 7

PROPOSED GRANTING OF OPTIONS TO CHAN BEE CHENG, INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESOS

“THAT, subject to the passing of Ordinary Resolution 2 above and the approvals of all relevant authorities and parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Chan Bee Cheng, an Independent Non-Executive Director of the Company, options to subscribe for up to 2,000,000 new FoundPac Shares under the Proposed ESOS, provided that at the point the options are offered to Chan Bee Cheng, her allocation is not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total FoundPac Shares made available under the Proposed ESOS if he either singly or collectively through persons connected with him, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of the Company (excluding treasury shares), and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

ORDINARY RESOLUTION 8

PROPOSED GRANTING OF OPTIONS TO TEOH LAY FUNG, INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY PURSUANT TO THE PROPOSED ESOS

“THAT, subject to the passing of Ordinary Resolution 2 above and the approvals of all relevant authorities and parties (where required) being obtained, the Board be and is hereby authorised at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to Teoh Lay Fung, an Independent Non-Executive Director of the Company, options to subscribe for up to 2,000,000 new FoundPac Shares under the Proposed ESOS, provided that at the point the options are offered to Teoh Lay Fung, her allocation is not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total FoundPac Shares made available under the Proposed ESOS if he either singly or collectively through persons connected with him, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Shares of the Company (excluding treasury shares), and subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS.”

ORDINARY RESOLUTION 9

PROPOSED SHARE BUY-BACK BY FOUNDPAC OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES (“PROPOSED SHARE BUY-BACK”)

“THAT subject to the Companies Act 2016 (“the Act”), provisions of the Company’s Articles of Association, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to purchase its own shares through Bursa Securities, subject to the following: -

- (a) the aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued Shares of the Company at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of retained profits of the Company. Based on the audited financial statements of the Company as at 30 June 2017, the retained profits of the Company stood at RM136,873;
- (c) the authority conferred by this resolution will commence after passing of this ordinary resolution and will continue to be in force until: -

- (i) the conclusion of the first annual general meeting of the Company following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of FoundPac in a general meeting,
- (d) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorized to cancel all the Shares so purchased, retain the Shares so purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or to issue under the employees' share option scheme and/or resale through Bursa Securities in accordance with the relevant rules of Bursa Securities, or to retain part of the Shares so purchased as treasury shares and cancel the remainder in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorized to sign and execute all documents, and do all acts and things as may be required for or in connection with and to give effect to, and to implement the Proposed Share Buy-Back with full power to do all such acts as they may consider necessary or expedient so as to give full effect to the same with further power to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

By Order of the Board

HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
 Secretaries
 30 October 2017

Notes:

1. *For the purpose of determining a member of the Company who shall be entitled to attend and vote at this Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 16 November 2017. Only a depositor whose name appears on the Record of Depositors as at 16 November 2017 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*
2. *Proxy:-*
 - a) *A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
 - b) *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 is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
 - c) *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
 - d) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least twenty-four (24) hours before the time set for holding the Meeting or any adjournments thereof.*

**FORM OF PROXY****FOUNDPAC GROUP BERHAD**

(Company No. 1165946-H)

(Incorporated in Malaysia)

No of ordinary shares held

I/We _____ NRIC No./Company No.: _____
(Full name in capital letters)of _____
(Full address)being a member/members of **FOUNDPAC GROUP BERHAD** (Company No. 1165946-H) hereby appoint(s) _____
(Full name in capital letters)NRIC No.: _____ of _____
(Full address)and/or _____ NRIC No.: _____
(Full name in capital letters)of _____
(Full address)

or failing him/her, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 22 November 2017 at 10.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Second Annual General Meeting of the Company which will be held on the same date at the same venue, whichever is the later or at any adjournment thereof.

The proportions of my/our holdings to be represented by our proxy(ies) are as follows:-

Proxy 1	-	%
Proxy 2	-	%
		100%

* Strike out whichever is inapplicable

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

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Proposed Bonus Issue		
2.	Proposed ESOS		
3.	Proposed Granting of Options to Tan Cheik Eaik, the Independent Non-Executive Chairman of the Company pursuant to the Proposed ESOS		
4.	Proposed Granting of Options to Lee Chun Wah, Executive Director/Chief Executive Officer of the Company pursuant to the Proposed ESOS		
5.	Proposed Granting of Options to Tan Sin Khoo, Executive Director/Chief Operating Officer of the Company pursuant to the Proposed ESOS		
6.	Proposed Granting of Options to Ong Choon Heng, Executive Director/Chief Financial Officer of the Company pursuant to the Proposed ESOS		
7.	Proposed Granting of Options to Chan Bee Cheng, Independent Non-Executive Director of the Company pursuant to the Proposed ESOS		
8.	Proposed Granting of Options to Teoh Lay Fung, Independent Non-Executive Director of the Company pursuant to the Proposed ESOS		
9.	Proposed Share Buy-Back		

Signature/Common Seal

Signed this _____ day of _____, 2017

Notes:

- For the purpose of determining a member of the Company who shall be entitled to attend and vote at this Extraordinary General Meeting, the Company shall be requesting the Record of Depositors as at 16 November 2017. Only a depositor whose name appears on the Record of Depositors as at 16 November 2017 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
- Proxy:-
 - A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
 - 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 is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
 - The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
 - The instrument appointing a proxy must be deposited at the Registered Office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least twenty-four (24) hours before the time set for holding the Meeting or any adjournments thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
FOUNDPAC GROUP BERHAD
(Company No. 1165946-H)
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong,
11900 Penang, Malaysia

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