



GROWING STRONGER
CLIMBING HIGHER

Annual Report 2019



GROWING STRONGER, CLIMBING HIGHER

As a global recognised manufacturing and engineering company, FoundPac consistently satisfies customers' needs and expectation, allowing them to grow stronger. Despite making an impact in the global market of the industry, the Company cares for every particular detail in their design to manufacturing. As the visual of vines growing and climbing higher, FoundPac will continuously breakthrough each and every challenge like the vines going through the rock walls, allowing the Company to expand its legacy with its excellent international standards of products and services.



CONTENTS

2	CORPORATE STRUCTURE
3	GROUP PROFILE
4	CORPORATE INFORMATION
5	BOARD OF DIRECTORS
6	PROFILE OF DIRECTORS
9	KEY MANAGEMENT PERSONNEL
11	EVENTS HIGHLIGHTS
13	FINANCIAL HIGHLIGHTS
14	MANAGEMENT DISCUSSION AND ANALYSIS
23	CORPORATE GOVERNANCE OVERVIEW STATEMENT
30	SUSTAINABILITY STATEMENT
37	AUDIT COMMITTEE REPORT
41	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
44	STATEMENT OF DIRECTORS' RESPONSIBILITIES
45	ADDITIONAL COMPLIANCE INFORMATION
47	FINANCIAL STATEMENTS
93	LIST OF PROPERTIES
94	ANALYSIS OF SHAREHOLDINGS
96	SHARE BUY-BACK STATEMENT
104	NOTICE OF ANNUAL GENERAL MEETING
	PROXY FORM

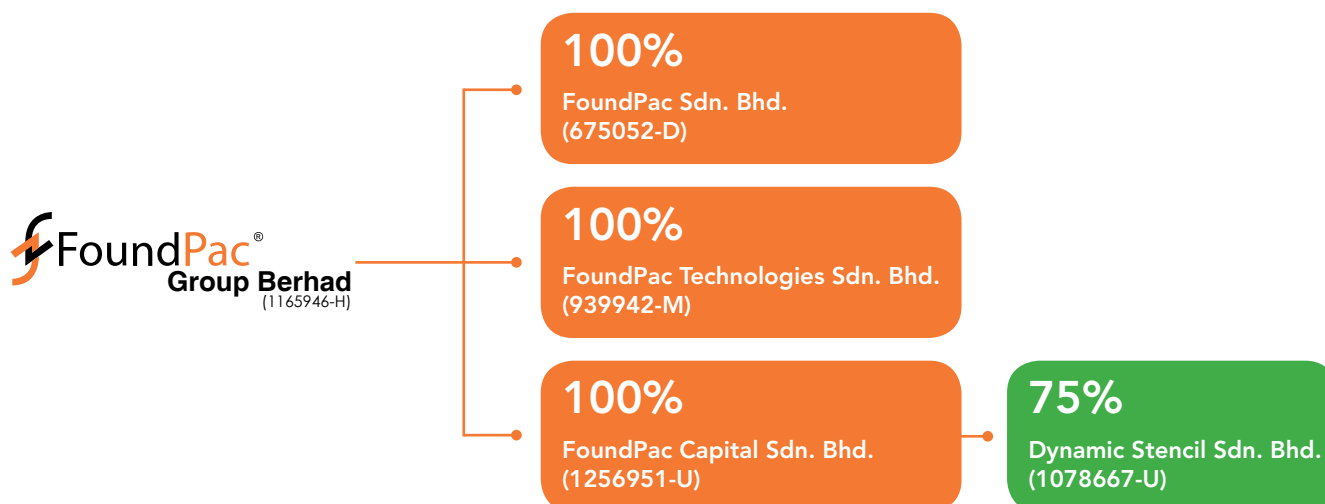
CORPORATE STRUCTURE

FoundPac Group Berhad ("FoundPac") was incorporated in Malaysia under the Companies Act 1965 on 16 November 2015 as a private limited company under the name of FoundPac Group Sdn. Bhd. Subsequently, it was converted into a public limited company and assumed its present name on 11 March 2016.

The details of the FoundPac and its subsidiaries ("FoundPac Group" or "Group") are as follows:-

Corporation	Date/ Country of Incorporation	Effective Ownership Interest (%)	Principal Activity
FoundPac Group Berhad (1165946-H)	16-11-2015/ Malaysia	-	Investment holding
Subsidiaries of FoundPac			
FoundPac Sdn. Bhd. (675052-D) ("FPSB")	13-12-2004/ Malaysia	100	Investment holding
FoundPac Technologies Sdn. Bhd. (939942-M) ("FoundPac Tech")	11-04-2011/ Malaysia	100	Design, development, manufacture, marketing and sale of stiffeners and accessories for stiffeners, test sockets, hand lids and accessories for test sockets
FoundPac Capital Sdn. Bhd. (1256951-U) ("FPC")	22-11-2017/ Malaysia	100	Investment holding
Subsidiary of FPC			
Dynamic Stencil Sdn. Bhd. (1078667-U) ("DSSB")	23-01-2014/ Malaysia	75	Manufacturing and sale of laser stencils

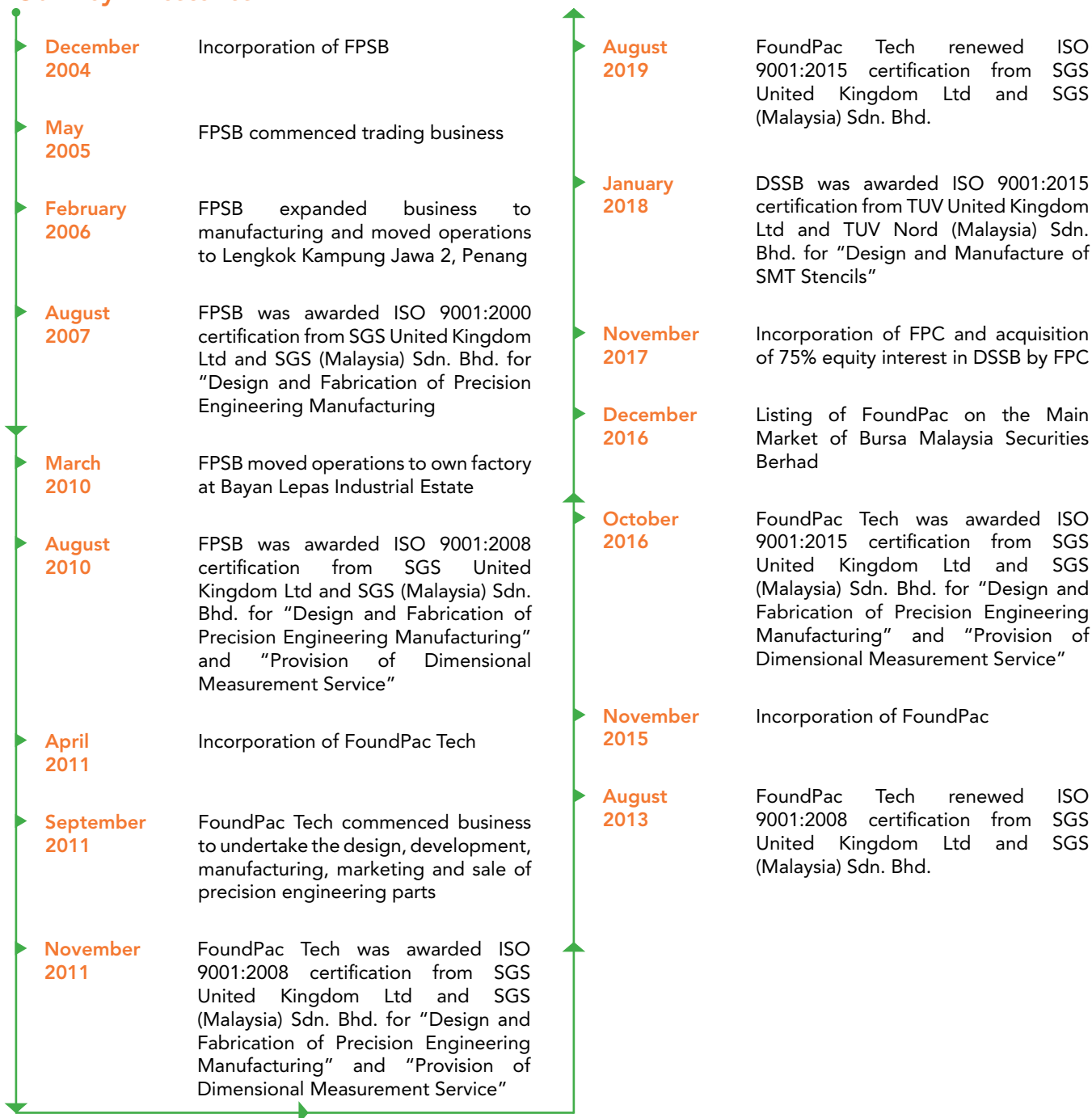
The structure of the Group is as follows:-



GROUP PROFILE



Our Key Milestones



FoundPac Group is principally involved in the design, development, manufacture, marketing and sale of precision engineering parts namely stiffeners, test sockets, hand lids and related accessories, as well as the manufacturing and sale of laser stencils.

In FoundPac Group, we strongly believe that our competitive strengths are important in sustaining our business as well as providing us with future business growth. On account of the fact that our customers are primarily large multinational semiconductor manufacturers, outsourced semiconductor assembly and test companies ("OSATs") and printed circuit board ("PCB") design houses, our Group's experienced management team with strong technical expertise is able to provide quality focus that can meet the international standards.

FoundPac Group continues to expand business through diversifying our customer base to include other end-user industries. In essence, our Group is endeavoured to provide value-added products and services to our customers in order to achieve profitability and sustainability to our shareholders and business partners.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Cheik Eaik
Independent Non-Executive Chairman

Ong Choon Heng
Executive Director/Chief Executive Officer

Lee Chun Wah
Non-Independent Non-Executive Director

Tan Sin Khoon
Non-Independent Non-Executive Director

Chan Bee Cheng
Independent Non-Executive Director

Teoh Lay Fung
Independent Non-Executive Director

AUDIT COMMITTEE

Chan Bee Cheng - Chairman

Tan Cheik Eaik - Member

Teoh Lay Fung - Member

REMUNERATION COMMITTEE

Teoh Lay Fung - Chairman

Lee Chun Wah - Member

Chan Bee Cheng - Member

NOMINATING COMMITTEE

Tan Cheik Eaik - Chairman

Chan Bee Cheng - Member

Teoh Lay Fung - Member

RISK MANAGEMENT COMMITTEE

Tan Sin Khoon - Chairman

Ong Choon Heng - Member

Chan Bee Cheng - Member

Teoh Lay Fung - Member

ESOS COMMITTEE

Teoh Lay Fung - Chairman

Ong Choon Heng - Member

Lee Chun Wah - Member

Tan Sin Khoon - Member

Chan Bee Cheng - Member

Tan Siew Wei - Member

COMPANY SECRETARIES

How Wee Ling (MAICSA 7033850)
Ooi Ean Hoon (MAICSA 7057078)

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No. : (03) 2084 9000
Fax No. : (03) 2094 9940/2095 0292

REGISTERED OFFICE

57-G Persiaran Bayan Indah
Bayan Bay
Sungai Nibong
11900 Penang
Tel No. : (04) 640 8932/8933
Fax No. : (04) 643 8911

HEAD OFFICE

Plot 35, Hilir Sungai Keluang 2
Bayan Lepas Industrial Estate
Non-Free Industrial Zone Phase IV
11900 Bayan Lepas
Penang
Tel No. : (04) 630 9336
Fax No. : (04) 630 9333
E-mail : corporate@foundpac.com
Website : www.foundpac.com

INDEPENDENT AUDITORS

Crowe Malaysia PLT
Chartered Accountants
Level 6, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel No. : (04) 227 7061
Fax No. : (04) 227 8011

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : FPGROUP
Stock Code : 5277

BOARD OF DIRECTORS



From left to right

- 1 Chan Bee Cheng**
Independent Non-Executive Director
- 2 Teoh Lay Fung**
Independent Non-Executive Director
- 3 Lee Chun Wah**
Non-Independent Non-Executive Director

- 4 Ong Choon Heng**
Executive Director/Chief Executive Officer
- 5 Tan Cheik Eaik**
Independent Non-Executive Chairman
- 6 Tan Sin Khoon**
Non-Independent Non-Executive Director

PROFILE OF DIRECTORS



TAN CHEIK EAIK

Independent Non-Executive Chairman

Tan Cheik Eaik aged 54, male, Malaysian, is an Independent Non-Executive Chairman of FoundPac. He was appointed to the Board on 22 November 2016. He is the Chairman of Nominating Committee, and also a member of Audit Committee of FoundPac.

He graduated with a Bachelor (Hons) of Electrical Engineering from University of Malaya in 1990. Upon graduation, he joined Hewlett Packard (M) Sdn. Bhd. as a Design Engineer and was soon promoted to Senior Design Engineer.

In 1992, he left Hewlett Packard (M) Sdn. Bhd. to begin his entrepreneurial career, succeeding his late brother-in-law's electrical wiring business, Siang Electronics Technology, a partnership company. Subsequently, Siang Electronics Technology was converted to Siangtronics Technology Sdn. Bhd. ("STSB") of which he became Managing Director. In 2003, pursuant to a restructuring exercise, STSB transferred its operations to Elsoft Research Berhad ("Elssoft"), a public listed company on the Main Market of Bursa Malaysia Securities Berhad and subsequently, he assumed the role of Executive Director and Chief Executive Officer in Elsoft until to date.

As an engineer, he specialises in the areas of test metrology and embedded application system design that contribute to the fundamentals of Elsoft's success. Over the years, under his leadership and business entrepreneurship, an in-house research and development team is built to support the development of a series of customised automated test equipment system for the semiconductor and optoelectronic industries.

He attended all five (5) Board of Directors Meetings held in the financial year 2019. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Ong Choon Heng aged 43, male, Malaysian, an the Executive Director and Chief Executive Officer of FoundPac. He was appointed to the Board on 16 February 2016 as an Executive Director/Chief Financial Officer and later be re-designated as Chief Executive Officer on 22 February 2019. He is responsible for overseeing the strategic business planning, development and operations as well as strategic investment of our Group. He is a member of Risk Management Committee and ESOS Committee of FoundPac.

He graduated from University of Malaya with Bachelor of Accounting with First Class Honours in 2000. He is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA).

He started his career as Staff Assistant with an international audit firm, Arthur Andersen & Co. in 2000 and Ernst & Young, Penang after the merger of these two firms in 2002. He left the firm as a Senior Associate in the Assurance and Advisory Business Services in 2004 and joined a plastic recycling company as Financial Controller. He then left the company in 2006 to set up a business entity with his siblings which mainly involved in general trading as the Finance Manager. The family business expanded and it was subsequently converted to a private limited company where he was appointed as a Director until 2008.

In 2009, he left the family business to his siblings and focus on his new business venture. He was the Independent Non-Executive Director of Dufu Technology Corp Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad from May 2013 to March 2016. He was also served as the Non-Executive Director of AsakaRiken (M) Sdn. Bhd., a subsidiary company of Asaka Riken Co. Ltd., a company listed on the JASDAQ, Japan from March 2014 to March 2019. In 2015, he joined our Group as Chief Financial Officer. He was responsible for our Group's strategic investment, corporate management and planning as well as heading the Finance Division.

Currently, he is an Independent Non-Executive Director of RGT Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He attended all five (5) Board of Directors Meetings held in the financial year 2019. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.



ONG CHOON HENG

Executive Director/Chief Executive Officer

PROFILE OF DIRECTORS (Cont'd)



Lee Chun Wah aged 49, male, Malaysian, is an Non-Independent Non-Executive Director of FoundPac. He was appointed to the Board of FoundPac on 16 February 2016 as an Executive Director/Chief Executive Officer. On 22 February 2019, he relinquished his position as our Group Chief Executive Officer and was re-designated as Non-Independent Non-Executive Director of our Group. He is also a member of Remuneration Committee and ESOS Committee of FoundPac.

He graduated from Tunku Abdul Rahman College with a Diploma in Technology (Electronic Engineering) in 1994. Thereafter, he obtained a Master of Science in Mechatronics from De Montfort University (UK) in 1995.

He began his career as a Service Engineer with Ever Technologies Sdn. Bhd. (currently known as AEM Microtronics (M) Sdn. Bhd.) in 1995, and in 1997, he was promoted to Sales Engineer. Later, in 2000, he was promoted to Business Manager, where he was responsible for the profitability of the local office in Penang, as well as the procurement, inventory and logistics of the Singapore office. He left Ever Technologies Sdn. Bhd. in November 2005.

In January 2006, he joined our Group as a General Manager, overseeing the trading of precision engineered parts such as stiffeners, test sockets and hand lids and conversion kits. In April of the same year, he was promoted to Chief Executive Officer of our Group. He was responsible for overseeing the strategic business planning, development and operations of our Group. With more than 20 years of experience, he brings with him extensive experience in the precision engineering industry.

He attended all five (5) Board of Directors Meetings held in the financial year 2019. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Tan Sin Khoon aged 52, male, Malaysian, is a Non-Independent Non-Executive Director of FoundPac. He was appointed to the Board on 16 February 2016 as an Executive Director/Chief Operating Officer. On 22 July 2018, he relinquished his position as Chief Operating Officer of our Group and be re-designated as a Non-Independent Non-Executive Director of our Group. He is also the Chairman of the Risk Management Committee and a member of the ESOS Committee of FoundPac.

He graduated from The University of Southwestern Louisiana (currently known as University of Louisiana at Lafayette) in the United States with a Bachelor of Science in Electrical Engineering in 1992. Upon graduation, he started his career with Hitachi Semiconductor (M) Sdn. Bhd. as a Production Engineer. In 1994, he joined Intel Technology Sdn. Bhd. as a Senior Equipment and Process Engineer. The subsequent year, he moved to Talam BSC Sdn. Bhd. where he was a Project Manager.

In 1996, he joined Dijaya Enterprise Sdn. Bhd. as an Assistant General Manager. He subsequently moved to Ever Technologies Sdn. Bhd. (currently known as AEM Microtronics (M) Sdn. Bhd.) in 1999 as an Equipment Manager. He was subsequently promoted in 2004 to Operations Manager. He left AEM Microtronics (M) Sdn Bhd in July 2006 and was self-employed between the period of August 2006 and June 2007. In July 2007, he joined our Group as Operation cum Business Director and in January 2009, he was promoted to the Chief Operating Officer. He was responsible for overseeing the engineering, manufacturing operations and quality assurance functions of our Group. He brings with him more than 25 years of experience in engineering and manufacturing operations.

He attended four (4) Board of Directors Meetings held in the financial year 2019. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.



PROFILE OF DIRECTORS (Cont'd)



Chan Bee Cheng aged 43, female, Malaysian, was appointed as Independent Non-Executive Director of FoundPac on 15 March 2016. She is the Chairman of the Audit Committee, and also a member of the Nominating Committee, Remuneration Committee, Risk Management Committee and ESOS Committee of FoundPac.

She obtained her Bachelor in Accounting with First Class Honours from University Malaya in year 2000. She is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA).

She started her career with KPMG as an Audit Assistant in 2000 and left the firm as Audit Supervisor in 2004. Subsequently, she joined Astro All Asia Networks Plc as Senior Executive in Group Finance Division and left in 2005 to join Ernst & Young, People's Republic of China as Audit Manager. In addition, she was the reporting accountant involved in financial due diligence of a company undertaking a dual listing on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Subsequently, she came back to Malaysia and joined Global Process Systems Sdn. Bhd. in 2008 as Finance Manager, a company providing technology-based design and builds process facilities solutions for the upstream oil & gas industry until 2013. She then served as Finance Manager for Foster Wheeler E&C (Malaysia) Sdn. Bhd., heading the treasury and accounting functions and left the company in 2015 to venture into consultancy services.

She attended all five (5) Board of Directors Meetings held in the financial year 2019. She does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to her during the financial year.

Teoh Lay Fung aged 41, female, Malaysian, was appointed as Independent Non-Executive Director of FoundPac on 15 March 2016. She is the Chairman of the Remuneration Committee and ESOS Committee, and also a member of the Audit Committee, Nominating Committee and Risk Management Committee of FoundPac.

She graduated with a Bachelor of Laws (Honours) from the University of Northumbria at Newcastle, United Kingdom in June 2002 and thereafter obtained the Certificate of Legal Practice (CLP) from the Legal Profession Qualifying Board of Malaysia in 2003. She started her pupillage in Choy & Associates in 2004. After completion of the pupillage, she had been admitted to the Malaysian Bar as an Advocate & Solicitor of the High Court of Malaya in October 2004.

She commenced her legal career as a legal assistant in Zawiyah & Yeoh. In 2009, the firm changed its name to Zawiyah & Partners in which she became a partner of the firm in the same year. She specialises in the area of conveyancing and litigation.

She attended three (3) Board of Directors Meetings held in the financial year 2019. She does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to her during the financial year.



Directors' Shareholding

The details of the Directors' interest in securities of the Company is set out in the Analysis of Shareholdings on page 95 of the Annual Report.

KEY MANAGEMENT PERSONNEL

Low Cher Shyong *Chief Operation Officer, FoundPac Tech*

Low Cher Shyong aged 46, male, Malaysian, is the Chief Operation Officer of FoundPac Technologies Sdn. Bhd. ("FoundPac Tech"). He is responsible for managing overall sales, marketing and business development activities, and overseeing engineering, manufacturing operations and quality assurance functions.

He graduated with Honours from University Science Malaysia with Bachelor of Engineering in Electrical & Electronic Engineering in 1998. Upon graduation, he joined Intel Technology Sdn. Bhd. as a Hardware Development Engineer, and was later promoted to Senior Hardware Engineer in 2002. Subsequently in 2004, he was promoted to Manager. In 2007, through an internal transfer, he joined Intel Products (M) Sdn. Bhd. as Technical Supplier Manager.

In 2008, he was awarded a certificate from International Printed Circuit ("IPC") as an IPC Certified Interconnect Designer. He was promoted to Strategic Sourcing Manager in 2010.

In June 2012, he joined our Group as Business Development Director and became the Sales and Marketing Director in 2013. In June 2016, he was re-designated as our Vice President of Sales and Marketing. Subsequently in February 2018, he was promoted as Chief Operation Officer of FoundPac Tech.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

Fathil bin Mohamed *Operations Manager, FoundPac Tech*

Fathil bin Mohamed aged 56, male, Malaysian, is the Operations Manager of FoundPac Tech and he is responsible for overseeing the overall manufacturing operations of FoundPac Tech.

He graduated with an Executive Diploma in Human Resource Management in 2004. Thereafter, he completed his Executive Master Business Administration in 2017.

He started his career in 1982 with Dynacraft Industries Sdn. Bhd. and left Dynacraft Industries Sdn. Bhd. in 2006 as a Product Engineer. Thereafter, he continued his career as a QA Manager with Anixter Malaysia Sdn. Bhd. for four (4) years. He then left Anixter Malaysia Sdn. Bhd. in October 2010.

In April 2011, he joined our Group as QA Assistant Manager. He was promoted to his present position as Operations Manager in July 2014.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

KEY MANAGEMENT PERSONNEL (Cont'd)

LAM YOONG LENG *Engineering Manager, FoundPac Tech*

Lam Yoong Leng aged 44, male, Malaysian, is Engineering Manager of FoundPac Tech and is responsible for overseeing the Engineering department.

He obtained a Certificate in Mechanical Engineering from Polytechnic Sultan Mu'azam Shah in 1996. In the same year, he completed a six (6)-month industrial training programme with Alpha Master Sdn. Bhd. and joined Penang Seagate Industries (M) Sdn. Bhd. as Line Technician. Thereafter, he continued his studies and graduated with Diploma in Mechanical Engineering in 1997.

Upon obtaining his Diploma, he joined Hitachi Nippon Steel Semiconductor Singapore Pte Ltd as Wafer Testing Technician in 1998. In 2000, he moved to Ever Technologies Sdn. Bhd. as Mechanical Engineer. He returned to tertiary education and obtained Bachelor's degree in Mechanical Engineering from the Institute of Engineers Malaysia in 2003.

Prior to joining our Group, he joined Kenstronic Sdn. Bhd. in 2004 as Mechanical Engineer. In February 2006, he joined our Group and assumed his current position as an Engineering Manager.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

TAN SIEW WEI *Senior Finance and Admin Manager*

Tan Siew Wei aged 39, female, Malaysian, is our Senior Finance and Admin Manager. She holds a Degree of Bachelor in Accounting from University of Malaya and graduated in 2005. She is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA).

She started her career as an Audit Associate with an international audit firm, KPMG in 2005 and left the firm as Assistant Audit Manager in 2010. She then joined an audit firm, McMillan Woods Mathew & Partners as an Audit Manager and left the firm in 2011. In June 2012, she joined Crowe Horwath (currently known as Crowe Malaysia PLT) as Assistant Audit Manager.

In May 2019, she left Crowe Malaysia PLT and joined our Group as Senior Finance and Admin Manager. She is responsible for our Group's corporate affair and accounting functions.

Presently, she does not hold any directorship in any public companies or listed corporations. She does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. She has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to her during the financial year.

LIM SENG CHIEW *Chief Executive Officer, DSSB*

Lim Seng Chiew aged 46, male, Malaysian, is the Chief Executive Officer of Dynamic Stencil Sdn. Bhd ("DSSB"). He is responsible for overseeing DSSB overall operations.

He completed his secondary education at Chung Hwa Confucian High School, Penang. He started his career with Acumen Stencil House in 1996 and served as Marketing Manager for five (5) years. He then joined Photo Stencil in 2000 as General Manager. He was then promoted to Director in August 2008.

He then left Photo Stencil to join DSSB in July 2016 as Chief Executive Officer and assumed his current position till to date. He was appointed as Director of DSSB since February 2017 till to date. He brings with him more than 20 years of experience in the stencil manufacturing business.

Presently, he does not hold any directorship in any public companies or listed corporations. He does not have any family relationship with any director and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies to him during the financial year.

EVENTS HIGHLIGHTS



10 - 12 JULY 2018

Participation in
SEMICON WEST 2018,
California, US



1 - 4 MARCH 2019

Company trip



EVENTS HIGHLIGHTS (Cont'd)

16 MAY 2019

Free Bubur Lambuk in the month of Ramadhan



25 JUNE 2019

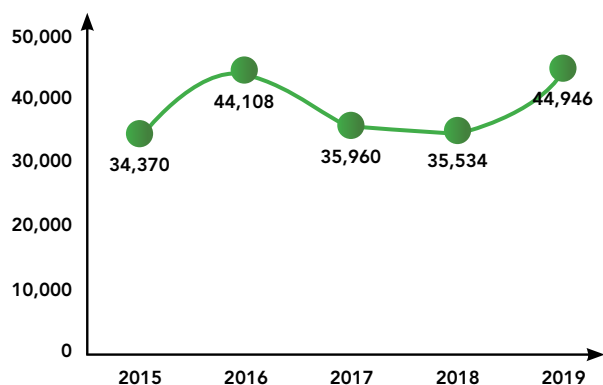
Blood donation



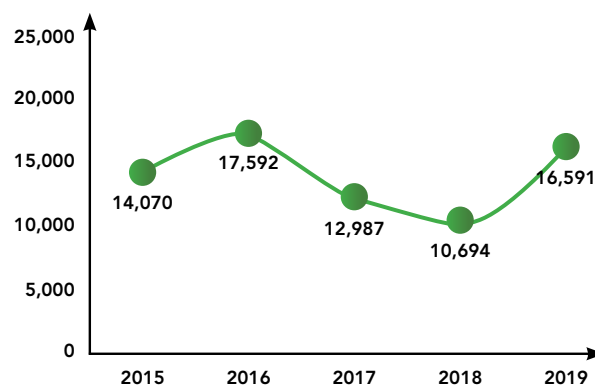
FINANCIAL HIGHLIGHTS

	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Revenue (RM'000)	34,370	44,108	35,960	35,534	44,946
Earnings before interests, taxation, depreciation and amortisation (RM'000)	15,248	18,862	13,290	10,948	18,371
Profit before tax (RM'000)	14,070	17,592	12,987	10,694	16,591
PBT margin (%)	40.94	39.88	36.12	30.10	36.91
Profit for the financial year (RM'000)	12,898	16,432	10,220	8,011	12,664
PAT margin (%)	37.53	37.25	28.42	22.54	28.18
PAT attributable to owners of the Company (RM'000)	12,898	16,432	10,220	7,527	11,807
Net assets attributable to owners of the Company (RM'000)	22,857	42,289	67,519	70,779	80,172
Basic earnings per share (sen)	2.88	3.59	2.08	1.45	2.28
Diluted earnings per share (sen)	2.88	3.59	2.08	1.45	2.26
Net assets per share attributable to owners of the Company (sen)	4.95	9.15	13.03	13.66	15.45

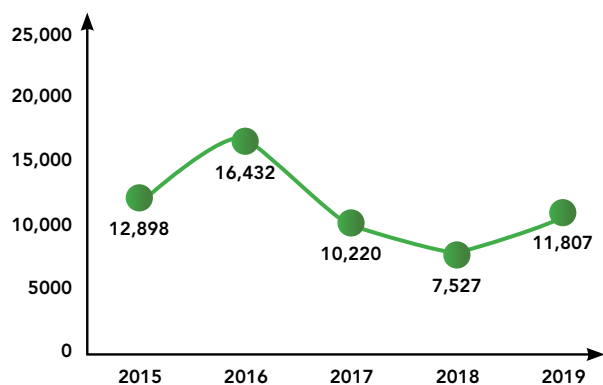
Revenue
(RM'000)



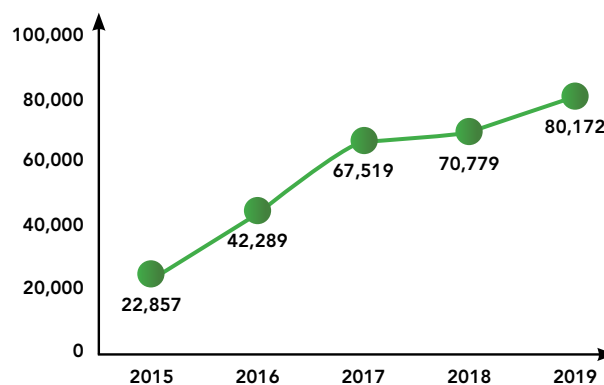
Profit before tax
(RM'000)



PAT attributable to owners of the Company
(RM'000)



Net assets attributable to owners of the Company
(RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

FoundPac Group ("Group") is organised into business units based on products and services. Our Group has the following reportable operating segments:-

- (i) Precision engineering - Design, development, manufacture, marketing and sale of stiffeners, test sockets, hand lids and related accessories
- (ii) Laser stencils - Manufacture and sale of laser stencils

Our Group operates principally in Malaysia and generates revenue mainly from the following geographical locations of customers:-

1. North America;
2. Europe; and
3. Asia.

REVIEW OF FINANCIAL PERFORMANCE

	Financial Year Ended		Variance	
	30 June 2019 RM'000	30 June 2018 RM'000	RM'000	%
Revenue	44,946	35,534	9,412	26.49
Cost of sales	(21,890)	(18,551)	3,339	18.00
Gross profit ("GP")	23,056	16,983	6,073	35.76
Interest income	1,132	1,315	(183)	(13.92)
Other income	242	181	61	33.70
Administrative and general expenses	(5,116)	(5,443)	(327)	(6.01)
Selling and distribution expenses	(2,723)	(2,341)	382	16.32
Finance costs	-	(1)	(1)	(100.00)
Profit before tax ("PBT")	16,591	10,694	5,897	55.14
Tax expense	(3,927)	(2,683)	1,244	46.37
Profit for the financial year ("PAT")	12,664	8,011	4,653	58.08
Other comprehensive income:-				
<i>Items that will not be reclassified to profit or loss:-</i>				
- Gross revaluation increase of properties	2,437	-		
- Deferred tax effect thereof	(585)	-		
Total other comprehensive income for the financial year	1,852	-		
Comprehensive income for the financial year	14,516	8,011		
PAT for the financial year attributable to:-				
- Owner of the Company	11,807	7,527		
- Non-controlling interests	857	484		
	12,664	8,011		
Comprehensive income for the financial year attributable to:-				
- Owner of the Company	13,659	7,527		
- Non-controlling interests	857	484		
	14,516	8,011		
Basic earnings per share (sen)	2.28	1.45		
Dividend per share (sen)	1.00	1.00		

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

1. Revenue

For financial years under review, more than 70% of our Group's revenue were export sales. Detailed breakdown of our Group revenue categorised by principal markets for the following financial years are set out below:-

	FYE 2019		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
North America	13,735	30.56	11,204	31.53	2,531	22.59
Europe						
- United Kingdom	4,446	9.89	4,065	11.44	381	9.37
- France	2,883	6.41	3,490	9.82	(607)	(17.39)
- Germany	2,423	5.39	432	1.22	1,991	460.88
- Others ⁽¹⁾	953	2.12	630	1.77	323	51.27
	10,705	23.82	8,617	24.25	2,088	24.23
Other Asian Countries						
- Hong Kong	3,131	6.97	1,443	4.06	1,688	116.98
- China	1,557	3.46	731	2.06	826	113.00
- Taiwan	1,493	3.32	621	1.75	872	140.42
- Singapore	1,637	3.64	1,065	3.00	572	53.71
- Vietnam	1,416	3.15	740	2.08	676	91.35
- Others ⁽²⁾	1,463	3.26	1,389	3.91	74	5.33
	10,697	23.80	5,989	16.85	4,708	78.61
Malaysia	9,778	21.75	9,724	27.37	54	0.56
Others	31	0.07	-	-	31	100.00
	44,946	100.00	35,534	100.00	9,412	26.49

Notes:-

⁽¹⁾ Others include Belgium and Italy

⁽²⁾ Others include India, Indonesia, Republic of Korea and Philippines

For the financial year ended 30 June 2019 ("FYE 2019"), our Group recorded revenue of RM44.946 million, representing an increase of RM9.412 million or 26.49% as compared to revenue of RM35.534 million recorded in the financial year ended 30 June 2018 ("FYE 2018"). The increase in revenue was mainly attributable to the higher revenue generated by precision engineering segment. Precision engineering segment recorded surge in revenue from other Asian, North America and Europe markets by RM2.761 million, RM2.223 million and RM2.088 million respectively as compared to the FYE 2018. Besides that, laser stencil segment also generated hike in revenue from other Asian market by RM1.947 million.

The export revenue remained the main contributor to our Group's total revenue for the FYE 2019. Export revenue for the FYE 2019 accounted for RM35.168 million or 78.25% of our Group's total revenue, marking an increase in export revenue by RM9.358 million or 36.26% as compared to FYE 2018 in which export revenue was recorded at RM25.810 million or 72.63% of our Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

1. Revenue (Cont'd)

The increase in export revenue was mainly attributable to the increase in revenue in other Asian market by RM4.708 million or 78.61%; from RM5.989 million in the FYE 2018 to RM10.697 million in the FYE 2019. The increase in revenue in Asia market was mainly contributed by existing and new customers in China, Hong Kong and Taiwan for both precision engineering and laser stencil segments.

Besides that, revenue contribution from North America market has also increased by RM2.531 million or 22.59% from RM11.204 million in the FYE 2018 to RM13.735 million in the FYE 2019, whilst Europe market also recorded hike in revenue by RM2.088 million or 24.23% from RM8.617 million in the FYE 2018 to RM10.705 million in the FYE 2019. The increase in revenue in these markets was mainly contributed by existing customers in North America and Germany for precision engineering segment.

2. Cost of sales, GP and GP margin

Our Group's cost of sales mainly comprises material and fabrication costs, direct labour costs and production overhead costs. Our material and fabrication costs are the main components of cost of sales which include the purchase of aluminium, engineering plastic, stainless steel and other fabricated parts.

The table below sets out the breakdown of the cost of sales, GP and GP margin for the financial years under review:-

	FYE 2019		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Cost of sales						
Material and fabrication costs	12,819	58.56	11,880	64.04	939	7.90
Direct labour costs	3,311	15.13	2,637	14.21	674	25.56
Production overhead costs	5,760	26.31	4,034	21.75	1,726	42.79
	21,890	100.00	18,551	100.00	3,339	18.00
GP and GP margin	23,056	51.30	16,983	47.79	6,073	35.76

Our Group's cost of sales increased by RM3.339 million or 18.00% from RM18.551 million in the FYE 2018 to RM21.890 million in the FYE 2019 mainly due to:-

- (i) increase in production overhead costs by RM1.726 million or 42.79% from RM4.034 million in FYE 2018 to RM5.760 million in FYE 2019. Hike in production overhead costs was mainly due to increase in depreciation of property, plant and equipment by RM1.423 million for new machineries acquired for both precision engineering and laser stencil segments to support our business growth; and
- (ii) increase in material and fabrication costs and direct labour costs by RM0.939 million or 7.90% and RM0.674 million or 25.56% respectively as compared to FYE 2018. The increase in material and fabrication costs and direct labour costs was in line with increase in revenue and higher staff costs incurred to cope with the production level.

Our Group's GP increased by RM6.073 million or 35.76% from RM16.983 million in the FYE 2018 to RM23.056 million in the FYE 2019. GP margin has also improved by 3.51% from 47.79% in the FYE 2018 to 51.30% in the FYE 2019, which was mainly due to hike in revenue in precision engineering segment; namely stiffeners and related accessories.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

3. Other income

The table below sets out the breakdown of other income for the financial years under review:-

	FYE 2019		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Amortisation of deferred income	79	32.64	-	-	79	
Gain on disposal of property, plant and equipment	3	1.24	47	25.97	(44)	
Gain on foreign exchange:-						
- Realised	120	49.59	-	-	120	
- Unrealised	8	3.31	133	73.48	(125)	
Others	32	13.22	1	0.55	31	
	242	100.00	181	100.00	61	33.70

Our Group's other income increased marginally by RM0.061 million or 33.70% from RM0.181 million in the FYE 2018 to RM0.242 million in the FYE 2019. The increase was mainly attributed to the amortisation of deferred income of RM0.079 million in FYE 2019.

There was no other unusual or material one-off gain/loss affecting the revenue or profit for the FYE 2019 and FYE 2018.

4. Operating expenses

	FYE 2019		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Administrative and general expenses	5,116	65.26	5,443	69.92	(327)	
Selling and distribution expenses	2,723	34.74	2,341	30.07	382	
Finance costs	-	-	1	0.01	(1)	
	7,839	100.00	7,785	100.00	54	0.69

Our Group's operating expenses increased marginally by RM0.054 million or 0.69% from RM7.785 million in the FYE 2018 to RM7.839 million in the FYE 2019. The increase in operating expenses was mainly attributed by the following factors:-

- (i) increase in selling and distribution expenses by RM0.382 million from RM2.341 million in FYE 2018 to RM2.723 million in FYE 2019 which was in line with increase in revenue; and
- (ii) partially offset against decrease in administrative and general expenses by RM0.327 million from RM5.443 million in FYE 2018 to RM5.116 million in FYE 2019 as a result of cost saving measures taken by Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

5. PBT and PBT margin

	FYE 2019		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
PBT and PBT margin	16,591	36.91	10,694	30.10	5,897	55.14

Our Group's PBT increased by RM5.897 million or 55.14% from RM10.694 million in the FYE 2018 to RM16.591 million in the FYE 2019. The increase in PBT was mainly due to the increase in GP by RM6.073 million as a result of change in sale of product mix in precision engineering segment. Consequently, PBT margin also increased by 6.81% from 30.10% in the FYE 2018 to 36.91% in the FYE 2019 in light of hike in GP margin which showed improvement by 3.51% from 47.79% in the FYE 2018 to 51.30% in the FYE 2019.

6. Tax expense

	FYE 2019		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
Tax expense and effective tax rate	3,927	22.74	2,683	25.03	1,244	46.37

Our Group's tax expense increased by RM1.244 million or 46.37% from RM2.683 million in the FYE 2018 to RM3.927 million in the FYE 2019. The increase was in line with increase in PBT.

Our Group's effective tax rate is marginally lower than the statutory tax rate of 24.00% for the FYE 2019. This was mainly due to tax incentives claimed for the FYE 2019. On the other hand, the effective tax rate for the FYE 2018 at 25.03%; which was higher than the statutory tax rate of 24.00% was mainly due to non-deductible expenses.

7. PAT and PAT margin

	FYE 2019		FYE 2018		Variance	
	RM'000	%	RM'000	%	RM'000	%
PAT and PAT margin	12,664	28.18	8,011	22.54	4,653	58.08

Our Group's PAT and PAT margin increased by RM4.653 million or 58.08% were mainly attributed to the increase in PBT coupled with tax incentives enjoyed during the FYE 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



REVIEW OF FINANCIAL POSITION AND LIQUIDITY

1. Statement of financial position

	30 June 2019	30 June 2018	Variance	
	RM'000	RM'000	RM'000	%
NON-CURRENT ASSETS				
Property, plant and equipment	23,207	17,005	6,202	36.47
Goodwill	12,647	12,647	-	-
Deferred tax assets	-	24	(24)	(100.00)
	35,854	29,676	6,178	20.82
CURRENT ASSETS				
Inventories	3,472	2,949	523	17.73
Receivables	11,568	9,449	2,119	22.43
Prepayments	6,001	1,803	4,198	232.83
Current tax assets	22	289	(267)	(92.39)
Cash and cash equivalents	32,428	33,144	(716)	(2.16)
	53,491	47,634	5,857	12.30
CURRENT LIABILITIES				
Payables	3,242	2,657	585	22.02
Current tax liabilities	918	242	676	279.34
	4,160	2,899	1,261	43.50
NET CURRENT ASSETS	49,331	44,735	4,596	10.27
NON-CURRENT LIABILITIES				
Deferred tax liabilities	2,398	1,972	426	21.60
Deferred income on government grants	334	-	334	100.00
	2,732	1,972	760	38.54
NET ASSETS	82,453	72,439	10,014	13.82
EQUITY				
Share capital	51,960	51,605	355	0.69
Share option reserve	1,747	1,155	592	51.26
Revaluation surplus	1,852	-	1,852	100.00
Retained profits	24,613	18,019	6,594	36.59
Equity attributable to owners of the Company	80,172	70,779	9,393	13.27
Non-controlling interests	2,281	1,660	621	37.41
TOTAL EQUITY	82,453	72,439	10,014	13.82

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL POSITION AND LIQUIDITY (Cont'd)

1. Statement of financial position (Cont'd)

Non-current assets of our Group mainly consisted of property, plant and equipment ("PPE") and goodwill. Increase in non-current assets by RM6.178 million from RM29.676 million as at 30 June 2018 to RM35.854 million as at 30 June 2019 was mainly due to increase in PPE by RM6.202 million as follows:-

- (i) new machineries and equipment acquired of RM6.757 million for both precision engineering and laser stencil segments;
- (ii) revaluation increase of our land and buildings as at 30 June 2019; giving rise to increase in carrying amount by RM2.437 million; and
- (iii) partially offset against depreciation of RM2.991 million for the FYE 2019.

The current assets of our Group mainly consisted of inventories, receivables, prepayments and cash and cash equivalents. Increase in current assets by RM5.857 million from RM47.634 million as at 30 June 2018 to RM53.491 million as at 30 June 2019 was mainly due to increase in receivables and prepayments by RM2.119 million and RM4.198 million respectively. Increase in receivables was in line with increase in revenue towards the year end whilst prepayments as at 30 June 2019 was mainly consist of advance payment made to purchase machineries.

2. Statement of cash flows

The following table sets out a summary of our statements of cash flows for FYE 2019 and FYE 2018:-

	Financial Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000
Net cash from operating activities	9,650	5,407
Net cash used in investing activities	(5,208)	(13,106)
Net cash used in financing activities	(5,176)	(5,573)
	(734)	(13,272)
Effect of exchange rate changes on cash and cash equivalents	18	30
Net decrease in cash and cash equivalents	(716)	(13,242)
Cash and cash equivalents at the beginning of the financial year	33,144	46,386
Cash and cash equivalents at the end of the financial year	32,428	33,144
Cash and cash equivalents comprise the followings:-		
Short-term highly liquid investments	15,934	16,021
Cash and bank balances	16,494	17,123
	32,428	33,144

Our Group's cash and cash equivalents decreased by RM0.716 million or 2.16% from RM33.144 million as at 30 June 2018 to RM32.428 million as at 30 June 2019. The decrease in cash and cash equivalents was mainly due to cash used in investing activities and financing activities of RM5.208 million and RM5.176 million respectively, offset against cash generated from operating activities of RM9.650 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



REVIEW OF FINANCIAL POSITION AND LIQUIDITY (Cont'd)

2. Statement of cash flows (Cont'd)

Our Group's net cash flows used in investing activities was mainly due to purchase of property, plant and equipment of RM6.757 million and netted off against interest received of RM1.132 million in the FYE 2019.

Our Group's net cash flows used in financing activities was mainly due to dividend paid to owners of the Company totalling RM5.186 million.

Our Group generated operating profit before working capital changes of RM19.540 million in the FYE 2019. After adjusting for net outflow of RM6.771 million from working capital changes and net income tax paid of RM3.119 million, our net cash from operating activities was RM9.650 million.

Giving our strong financial position, our Group will continue to explore good investment opportunities to strengthen and enhance the position of our Group.

CAPITAL STRUCTURE, RESOURCES AND EXPENDITURE

The overall capital management objective of our Group is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders of the Company. In order to meet this objective, our Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

Our Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. Our Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity.

Our primary sources of funds are mainly derived from the net cash generated internally from our business operations and to a certain extent, external source of funds which comprises credit terms granted by our suppliers. The average credit terms granted to us ranges between 30 to 90 days. We may raise additional capital or funds through debt or equity offerings in the future to part finance our expansion plans or to meet our financing requirements should the need arise.

Our Board of Directors ("Board") is of the opinion that, after taking into consideration the funds to be generated from our business operations, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Annual Report.

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer/receive funds to/from the Company in the form of cash dividends, loan or advances. In addition, as stated in our financial statements, our Group did not have bank borrowings during the FYE 2019. Therefore, we are confident that we can meet our cash obligations.

Our Group manages capital spending in upgrading our existing machines to support our business growth cautiously. In the FYE 2019, we incurred capital expenditures of RM6.757 million to support our capacity expansion, innovation and cost efficiencies, which was much higher than RM3.573 million incurred in the FYE 2018.

RISK EXPOSURES

Our Group's financial position and results of operations have been and will continue to be affected by, amongst others, the following factors which may not be within our control:-

1. Impact of foreign currency exchange rates

We may be exposed to foreign currency exchange risks from the dealings with customers and suppliers as majority of our customers are primarily located overseas (i.e. Europe and North America). Any significant change in foreign exchange rates may affect our Group's financial results.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

RISK EXPOSURES (Cont'd)

1. Impact of foreign currency exchange rates (Cont'd)

To minimise its exposure to foreign currency exchange risks, our Group observes the movements in exchange rates and acts accordingly. Where necessary, our Group enters into derivative contracts to hedge the exposure.

Such exposure is also partly mitigated in the following ways:-

- (i) Our Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies; and
- (ii) Our Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

2. Competition risk

Notwithstanding our competitive strengths, we continue to face competition from existing and prospective competitors which may be capable of offering similar products. Additionally, consolidation of market players within the industry may heighten the competition.

Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

FORWARD-LOOKING STATEMENTS

According to the International Monetary Fund's April 2019 report, the global growth forecast for 2019 has again been revised downwards, from 3.5% to 3.3%. The recent increases on tariffs imposed on China goods by the United States and possible China retaliations may further heighten the trade tensions. This could escalate further if the United States decides to introduce new tariff hikes. Accordingly, the semiconductor and electronics industries are expected to be challenging in the coming years.

Despite the challenging market outlook in the semiconductor and electronics industries, the Board is positive about our prospect in the coming years, taking into consideration our Group's competitive strengths and strategies. Our Group will continue to uphold its core and long-term strategy to focus on business expansion and diversification, product development, as well as business process optimisation through lean implementation across all operations in the organisation.

Dividend Policy

The Board adopted a dividend policy to recommend and distribute dividend of at least 30.00% of our annual audited profit after tax attributable to owners of the Company, depending on our financial performance, the availability of adequate distributable reserves and on condition that such distribution will not be detrimental to our Group's cash flow requirements.

In March 2019, the Board declared and paid an interim single tier dividend of RM0.01 per share amounting to RM5.186 million in respect of the FYE 2019. The total dividend payment is 43.93% of our Group's audited profit after tax attributable to owners of the Company and it is above our 30.00% dividend policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors ("Board") of FoundPac Group Berhad ("FoundPac Group" or "Company" or "Group") is pleased to provide an overview of the Group's corporate governance practice during the financial year ended 30 June 2019 ("FYE 2019") with reference to the principles as set out in the Malaysian Code on Corporate Governance ("MCCG" or "the Code").

The Group's application of each Practice set out in MCCG during the FYE 2019 is disclosed in the Group's Corporate Governance Report ("CG Report") which is available on the Company's website at www.foundpac.com as well as via the Company's announcement made to Bursa Malaysia Securities Berhad ("Bursa Securities").

The Corporate Governance Overview Statement ("Statement") is prepared in compliance with the Main Market Listing Requirements of Bursa Securities and it is to be read together with the CG Report.

The Board recognises the importance of adopting good corporate governance and is committed to ensure high standards of good corporate governance are in place and practiced within our Group in order to safeguard the shareholders and relevant stakeholders' interests as well as enhancing shareholders' value.

After the introduction of MCCG in April 2017, the Board has reviewed the gap analysis report in September 2017 on comparison between the current corporate governance practices in the Group and the standards as set out in the MCCG. The Board then planned and has progressively raised the bar in the Group's corporate governance standards set out in the Code through various measures for implementation from time to time.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is collectively responsible for the long-term success of the Group and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Group while exercising oversight on management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.

The Board has full control of and is responsible for the Group's strategic aims, ensure the necessary resources are in place for the Group to meet its objectives and review management performance. The Board has set the Group's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Following the top-down strategic planning process adopted by the Group, the Executive Director will, on periodical basis, formulate Group's strategy and communicate it down to the organisation for implementation. The Chairman will continue leading the Board in establishing and monitoring good corporate governance practices in the Group by focusing on strategy, governance and compliance.

The Board has delegated some of its duties and responsibilities to various committees within the Board. Currently the Board has established 5 Committees, namely Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC"), Risk Management Committee ("RMC") and Employees' Share Option Scheme ("ESOS") Committee. The primary functions of these Committees are to assist the Board in overseeing the affairs of the Group and these Committees have been entrusted with specific responsibilities and authorities. The authorities and functions of these Committees are properly set out in their respective Terms of Reference, Risk Management Framework and/or ESOS By-Law (where applicable).

Both Company Secretaries of our Group have legal credentials, and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Board Charter serves as a reference and primary induction literature providing all Board members and management insights into the fiduciary and leadership functions of the Board. A copy of the Board Charter, last reviewed by the Board on 18 September 2019 is available at the Company's website, www.foundpac.com.

The Company's Code of Ethics is intended to focus on the Board and each director based on principles of integrity, responsibility, sincerity and corporate social responsibility. The Code of Ethics is designed to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following objectives:-

- to establish a standard of ethical behaviour for directors;
- managing conflict of interest; and
- preventing the abuse of power, corruption and insider trading.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

The Code of Conduct for employees is also in place to provide guidance to all employees of the Group to meet performance standards and behave appropriately in the workplace. The policies, practices and procedures of the Code of Conduct for employees are clearly outlined in the Employee Handbook of the Group. The Code of Conduct for employees is integrated into our Group management practices and reviewed periodically by the Management.

The Whistle-Blowing Policy of FoundPac Group is in place with the objective to facilitate the stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of the Management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. The policy is designed to provide protection to those who makes the allegation or reports the misconduct. The Whistle-Blowing Policy of FoundPac Group has detailed the procedures in making report. A copy of the Whistle-Blowing Policy is available at the Company's website, www.foundpac.com.

II. BOARD COMPOSITION

The Board currently has six (6) members comprising the Independent Non-Executive Chairman, one (1) Executive Director, two (2) Independent Directors, and two (2) Non-Independent Non-Executive Directors. This composition complies with Para 15.02 of the Main Market Listing Requirements of Bursa Securities whereby the Company must have at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.

In order to achieve the intended outcome of the MCCG, the Board decisions are made objectively in the best interests of the Group by taking into account diverse perspectives and insights, our Group has met most of the good practices recommended by the MCCG as detailed in the CG Report. Currently, we do not adopt a policy which limits the tenure of our Independent Directors to nine (9) years.

Notwithstanding the recommendation of the MCCG, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for directors as there are significant advantages to be gained from the long-serving directors who possess tremendous insight and knowledge of the Group's businesses and affairs. The ability of a director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.

The Board comprises a mix of qualified and experienced directors with diverse experience, background and expertise. The combination of diverse professionals with varied background, experience and expertise in finance and corporate affairs have also enables the Board to discharge its responsibilities effectively and efficiently. The Board through the NC regularly reviews the composition of the Board and Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

A brief profile of each director is presented in this Annual Report. The skillsets and diversity of the existing Board are as follows:-

Directors	Nationality	Designation	Industry/ Background Experience						By Composition				
									Age		Ethic	Gender	
			Technology	Marketing	Industrial	Corporate	Accounting/Finance	Law/legal	40 – 49 years	50 – 59 years	Chinese	Male	Female
Tan Cheik Eaik	Malaysian	Independent Non-Executive Chairman	√	√	√	√				√	√	√	
Ong Choon Heng	Malaysian	Executive Director/ Chief Executive Officer		√	√	√	√		√		√	√	
Lee Chun Wah	Malaysian	Non-Independent Non-Executive Director	√	√	√	√			√		√	√	
Tan Sin Khoon	Malaysian	Non-Independent Non-Executive Director	√		√					√	√	√	
Chan Bee Cheng	Malaysian	Independent Non-Executive Director					√		√		√		√
Teoh Lay Fung	Malaysian	Independent Non-Executive Director						√	√		√		√

The Board takes cognisance of diversity relating to ethnicity and will endeavour to comply with the principles and recommendations of the relevant guidelines in relation to corporate governance.

The Board has not set gender diversity target as of the reporting period. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender. As of the reporting period, two (2) out of six (6) of our directors are female directors, which meet the MCCG's recommendation.

The NC is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill the Board vacancies. The NC makes the recommendations following a careful consideration of the required mix of skills, experience and diversity, as well as gender where appropriate.

Apart from assisting the Board in carrying out annual reviews on the mix of skills and experience, contributions and other qualities, including core competencies, which the Non-Executive Directors bring to the Board, the NC also carries out the process of evaluating the effectiveness of the Board as a whole, the performance and contribution of the Chairman and other directors of the Company and identifies areas for improvements and changes. The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new directors are properly executed. New directors are required to undergo familiarisation programmes and briefings to get a better understanding of the Group's operations and the overall industry.

On 13 August 2019, the NC has carried out annual evaluation on the performance of each member of the Board, each Board Committee and to review the performance of the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

The annual evaluation involves members of the Board completing the evaluation questionnaires to appraise the performance of the Board and undertaking self and peer evaluation, whereby Directors will assess their own performance and that of their fellow directors. Summary of the evaluation results by element will be reported to the Board by the Chairman of NC.

The NC had assessed the overall effectiveness of the Board and the performance of individual directors for the FYE 2019 and is satisfied with the effectiveness demonstrated. All the directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the Main Market Listing Requirements of Bursa Securities. In the interval between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting.

During the FYE 2019, the Board held five (5) meetings. The details of the attendance are as follows:-

Name of Director	Attendance
Tan Cheik Eaik	5/5
Ong Choon Heng	5/5
Lee Chun Wah	5/5
Tan Sin Khoon	4/5
Chan Bee Cheng	5/5
Teoh Lay Fung	3/5

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every year.

The NC also assessed the training needs of the Board and reminded the Board to continue to attending training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changes in market trends, technological advancements and legislation and regulations affecting the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

The training programmes attended by the directors during the FYE 2019 are as follows:-

Name of Director	Date / Duration	Seminar/Training Programmes attended
Tan Cheik Eaik	Monthly/12 Days 15 November 2018/ 1 Day	The Vistage Chief Executive Program by Vistage Malaysia Sdn. Bhd. 2019 Budget Tax Conference by Crowe CPE Sdn. Bhd.
Ong Choon Heng	29 August 2018/ 3 Hours 15 November 2018/ 1 Day	Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology by Minority Shareholders Watch Group (MSWG) with the support of Bursa Malaysia Securities Berhad 2019 Budget Tax Conference by Crowe CPE Sdn. Bhd.
Lee Chun Wah	15 November 2018/ 1 Day	2019 Budget Tax Conference by Crowe CPE Sdn. Bhd.
Tan Sin Khoon	15 November 2018/ 1 Day	2019 Budget Tax Conference by Crowe CPE Sdn. Bhd.
Chan Bee Cheng	9 August 2018/ 3 Hours 27 June 2019/ 3 ½ Hours	Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology by Minority Shareholders Watch Group (MSWG) with the support of Bursa Malaysia Berhad Cyber Security in the Boardroom: Accelerating from Acceptance to Action by Bursa Malaysia Securities Berhad
Teoh Lay Fung	15 November 2018/ 1 Day	2019 Budget Tax Conference by Crowe CPE Sdn. Bhd.

The NC had reviewed the independence of the Independent Directors for the FYE 2019 and is satisfied with the independency demonstrated.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III REMUNERATION

The Board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. Our remuneration policies and decisions are made through a transparent and independent process. The policies and procedures are periodically reviewed.

Detailed disclosure on named basis for the remuneration of individual directors for the FYE 2019 are as follows:-

Category	Fee (RM)	Salary and * Other Emoluments (RM)	ESOS (RM)	Total (RM)
Company				
Tan Cheik Eaik	48,000	7,500	26,546	82,046
Tan Sin Khoon	-	6,000	-	6,000
Chan Bee Cheng	36,000	10,000	26,545	72,545
Teoh Lay Fung	36,000	4,000	26,545	66,545
	120,000	27,500	79,636	227,136
Subsidiary				
Ong Choon Heng	-	471,323	66,363	537,686
Lee Chun Wah	-	555,016	66,364	621,380
Tan Sin Khoon	-	144,077	66,364	210,441
	-	1,170,416	199,091	1,369,507
Group	120,000	1,197,916	278,727	1,596,643

* Other emoluments mainly consist of allowances, bonuses and defined contribution plans.

The Board is of the view that disclosure on remuneration of top five (5) senior management on a named basis remuneration may not be in the best interest of the Group due to confidentiality and sensitivity of information. Thus, the Board has opted not to disclose it.

The Terms of Reference of the RC can be viewed on the Company's website at www.foundpac.com.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

The Board has established AC on 15 March 2016 with the primary objective of assisting the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices and internal control system of the Group.

Our AC comprises solely of Independent Non-Executive Directors. The Chairman of AC is not the Chairman of the Board and she is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA). This composition of our AC meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)



PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

I AUDIT COMMITTEE (Cont'd)

The NC had on 13 August 2019 assessed the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The NC is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company's website at www.foundpac.com.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has formalised the risk management process of the Group through a Group Risk Management Framework. Under this Framework, RMC and Risk Management Working Group ("RMWG") have been formed. The RMWG which consists of managers and key staff, together with the RMC oversee the Group's risk management process.

The RMWG reports to the RMC on a periodic basis. The RMC will then meet to discuss and evaluate the RMWGs' reports for adoption. Thereafter, the RMC will report to the AC about key risks and risk management activities carried out during that period. The AC will review the report and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified.

The Statement on Risk Management and Internal Control set out on pages 41 to 43 of the Annual Report provides an overview on the state of risk management and internal control within the Group.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I COMMUNICATION WITH STAKEHOLDERS

The Board ensures there is effective, transparent and regular communication with its stakeholders to ensure that they are informed of all material business matters on a timely manner.

Presently, the Board and management of the Group communicate regularly with its shareholders and other stakeholders through the following channels of communication:-

- a) Website of Bursa Securities
- b) Company website (www.foundpac.com)
- c) Analyst briefings and one-to-one meetings

II CONDUCT OF GENERAL MEETINGS

The Company's general meetings are the important and effective platforms for directors and senior management to communicate with the shareholders. Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

The Board practises to dispatch notice of annual general meeting ("AGM") to shareholders at least 28 days before the meeting in line with the Practice 12.1 of the MCGG. The adequate time given the shareholders would allow them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.

In line with the Practice 12.3 of the MCGG in promoting electronic voting, the Board had since the previous AGM adopted electronic voting taking into consideration the advantages of electronic voting.

This Statement is made in accordance with a Board of Directors resolution dated 18 September 2019.

SUSTAINABILITY STATEMENT

SUSTAINABILITY AND OUR BUSINESS

FoundPac Group Berhad ("FoundPac Group" or "Group") acknowledges the importance of conducting business in an ethical, socially responsible and environmentally friendly manner for continuing success and sustainable growth. Therefore, our Group focus on sustainability principles when formulating and implementing business strategies to achieve its goals.

The Sustainability Statement ("Statement") is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, has set out the material sustainability risks and opportunities, collectively known as material sustainability matters that impact our business operations.

The core of sustainability of our business is founded on ethical business practise and effective governance. Our Group's commitment towards management of material sustainability matters are focused and continuously improved by emphasising in the three (3) principal aspects namely Economic, Environment and Social.

SUSTAINABILITY GOVERNANCE

FoundPac Group's Enterprise Risk Management ("ERM") framework provides the necessary policies structure, targets and reporting systems to address the material risk and opportunities. Our ERM is governed by Risk Management Committee ("RMC") headed by Non-Independent Non-Executive Director, Mr. Tan Sin Khoo, who previously was the Executive Director and Chief Operations Officer of the Group. The RMC are supported by Risk Management Working Group ("RMWG") of each business unit. The RMWG consists of managers and key staff from various departments. Any findings and discussions of ERM are reported to the Audit Committee by RMC.

The RMC and RMWG are responsible for the materiality assessment and undertake role for identifying, evaluating, executing, implementing and monitoring the sustainability initiatives and actions that are aligned to the Group's vision, mission, objective and strategies.

Our Group has not formed a separate Sustainability Committee at the date of this report. The functions of Sustainability Committee are currently undertaken by the RMWG. The sustainability efforts are focused on these three (3) key areas:-

- Economic
- Environment
- Social

The scope of this Statement covers the period from 1 July 2018 to 30 June 2019 ("FYE 2019") and the reporting boundary is mainly focus on our major subsidiaries.

MATERIALITY

The materiality in relation to the sustainability of our business has been determined from the analysis of our internal documents, internal process, peer reviews and our risk register. We review sustainability related risk periodically as part of our risk assessment to ensure we continue to address our key sustainability concerns.

A total of 23 operational and non-operational risks was reported by the RMC to Audit Committee during the FYE 2019 and necessary steps in mitigating the risks has been taken.

SUSTAINABILITY STATEMENT (CONT'D)



STAKEHOLDER ENGAGEMENT

The Group believes that maintaining a good degree of communication and understanding with all the internal and external stakeholders is highly essential in our journey to be a good corporate governance and reputable sustainable business entity. Hence, our Group recognises the need to conduct a continuous dialogue and information sharing with the relevant stakeholders in a timely, effective and transparent manner. A summary of the stakeholder groups, the sustainability topics, and the type of engagement and its frequency are listed as follows:-

Stakeholder	Sustainability Topics	Type of Engagement	Frequency
Customers	Product quality and performance	Customer satisfaction survey	Annually
	Sustaining long term relationship	On-site visits at FoundPac Group premises	On-going
	Operation in compliance with applicable laws and standards	Customer audit	On-going
	Business development	Exhibition and road show	On-going
Employees	Health and safety	Training and development	On-going
	Communication and engagement	Formal meeting and discussion	On-going
	Working environment	Employee feedback	On-going
	Career development and training	Appraisal and performance review	Annually
Investors/ Shareholders	Business performance review	Quarterly financial reports	Quarterly
	Operation in compliance with applicable laws and regulations	Annual report	Annually
	Strategic plans	Corporate website	On-going
	Investor engagement	Investor relationship channel	On-going
	Corporate development	Regular meeting and correspondence	On-going
Suppliers	Information and communication	Feedback to enquiries	As required
	Forging strategic partnership	Supplier selection via pre-qualification	On-going
	Supplier performance review	Regular meeting and correspondence	On-going
	Product and service quality	Site visit to suppliers' premises	On-going
Media	Timely and accurate information	Press release	As required
Government and Regulators	Regulatory compliance	Site visit and meeting	As required
	Supporting country's economy growth	Participating in programme organised by government bodies	As required
Community	Environment protection	Participation in local community activities	On-going
	Operation in compliance with applicable laws and regulations	Sponsorship and donations	On-going
	Local community activities involvements	Communication through emails and phone calls	On-going

ECONOMIC

Besides the financial performance, Code of Ethics, and corporate governance and compliance that have been disclosed in this Annual Report, our key initiatives for business sustainability within the economic space are focused on the following key areas:-

1. Local ecosystem

FoundPac Group recognises that having a healthy local electronics and semiconductor ecosystem is a vital factor for the sustainability of the Group's business. In order to build a reliable supply chain ecosystem in the country that supports long-term strategy to grow the business in providing a wide range of high-quality products with optimum cost to our customers globally, we always promote purchase from local suppliers who have been providing high quality and good service.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (Cont'd)

1. Local ecosystem (Cont'd)

During the FYE 2019, the percentage of purchase from local suppliers is 55%. We committed to continue sourcing our materials locally.

2. Commitment to quality

FoundPac Group was awarded ISO 9001:2015 certification from:-

1. SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd. for "Design and Fabrication of Precision Engineering Manufacturing" and "Provision of Dimensional Measurement Service"; and
2. TUV UK Ltd and TUV Nord (M) Sdn. Bhd. for "Design and Manufacture of SMT Stencils".

Having the ISO 9001: 2015 certificates is a testament that FoundPac Group continues to uphold a consistent quality standard for our products. A comprehensive quality management system has been established to assure customers that quality assurance policies and procedures are in place to address our product quality and reliability on a regular basis, as well as improving our work efficiency.

FoundPac Group has stringent quality controls in our operations. Our quality control practices involve various stages of processes and in various departments with adopting the well-known quality work standardisation techniques. Incoming material inspection is conducted to ensure raw materials and components comply with documented standards before production whereas the in-process quality inspection detects abnormalities in manufacturing process, which enhancing our production efficiency and consistency.

All our products go in-depth monitoring and quality control checks during different stages of production using the sophisticated measurement and laboratory equipment.

FoundPac Group's finished goods are inspected to ensure the products meet the customers required specification and are free from defects at the time of delivery. FoundPac Group also ensure that every delivery of our products is consistently on-time. By adopting these quality control practices, we ensure our reliable products meet customers' expectations, and build their confidence and trust on us.

3. Contribution to local communities

Our Group is principally involved in the design, development, manufacture, marketing and sale of precision engineering parts namely stiffeners, test sockets, hand lids and related accessories, as well as laser stencils to our customers in the electronics and semiconductor industry.

FoundPac Group considers talent retention to be vital to sustain business growth and to maintain competitive. The Group strives to create job opportunities for the local people. For the FYE 2019, 99% of our Group employees are Malaysian.

ENVIRONMENT

Environmental stewardship is also our Group top priority in safeguarding health and safety of the public. FoundPac Group always considers the environmental impact before undertaking any new project.

1. Environmental permits and reporting

All required environmental permits (such as discharge monitoring), approvals and registration have been obtained and relevant operating and reporting requirements are strictly adhered to.

Throughout the FYE 2019, the wastewater and industrial effluents monthly monitoring data submitted to Department of Environment. The scheduled waste generated and disposed at our premises, such as aluminium chips and coolant, are complying with the Environmental Quality Act 1974 under Environmental Quality (Scheduled Waste) Regulations 2005.

SUSTAINABILITY STATEMENT (CONT'D)



ENVIRONMENT (Cont'd)

2. Materials consumption

At FoundPac Group, we only use materials and components that are 'green' compliant and environmentally friendly. By avoiding the usage of hazardous and toxic materials, we ensure our entire supply chain including our manufacturing and sub-contractor operations, are free from restricted materials that pose not only hazardous to the environment and pollution of landfills, but also dangerous in terms of occupational exposure to our employees.

Besides, we continue to reduce packing materials for our products by using more effective and efficient packing method and environmentally friendly packing materials.

3. Energy and carbon management

FoundPac is committed to reduce carbon emissions and utilise the natural resources with the objective to create a safe and secure society sustained on clean energy as well as to enhance the reputation of businesses aiming for a sustainable society.

As part of our commitment to reduce carbon footprint, we have initiated a project to progressively roll out light emitting diode ("LED") technology in our premises to replace the conventional fluorescent lights. Throughout FYE 2019, we installed about 316 units of LED lights. Each of the LED lights will save an estimated 22 watt of electricity per unit and with about 316 installed units, we estimate that our total savings of 6,952 kilowatt of power usage in lighting per year.

This year, we have expanded our carbon emissions reduction efforts by installing Solar PV System with the capacity to produce up to 165.66 kWp electricity as part of our Group's effort to promote the use of renewable energy. The Solar PV System installed is able to generate electricity from sunlight. The Solar PV System is deemed as "emission free" system because its operation does not emit any carbon dioxide or greenhouse gas. With the implementation of the Solar PV System technology, it reduces the impact on the environment while having unlimited resources for electricity generation from the sun. Our Solar PV System has generated solar energy yield of 124.375 MWh; which is equivalent to 86.32 tCO₂e; giving rise a cost saving to the Group of RM55,000 up to 30 June 2019.

We always work on reducing our electricity consumption by setting the temperature of air conditioners in our premises at around 24°C to 25°C, by installing transparent panels to our premises to direct the natural sun lights into the premises in order to reduce energy consumed for lighting purpose, as well as improving water efficiency by installing water saving toilet bowls to avoid unnecessary water wastage.

4. Waste management

At FoundPac Group, we do practise recycle waste in the Company. In FYE 2019, we managed to generate RM24,031 from the recycle waste within FoundPac.

SOCIAL

FoundPac Group aims to provide a supportive, pleasant and healthy workplace for our employees, and to foster a caring community in our working environment. We care for our employees and recognise that having good staff relationship and a motivated workforce are crucial to our success. They are our partners in delivering and maintaining products and services of the highest quality standards to our customers. We acknowledge our people are the foundation of our business. As such, we support life-long learning and development of our people via continuous training and development programs. We also place importance on the safety and well-being of our employees, and we are committed to providing and maintaining a safe and healthy work environment.

1. Respect of labour and human rights

FoundPac Group is committed to uphold the human rights of workers, and to treat them with dignity and respect as stated in the Employees Handbook. This applies to all workers including permanent, contract and other type of workers. Our objectives include:-

1. Attain the highest standard of employment practice in compliance with the enacted laws;
2. Uphold the culture and principles of equal opportunities in employment;
3. Create a working environment where every team member is treated fairly and without fear of reprisal, intimidation or harassment.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (Cont'd)

2. Employee profile

As at 30 June 2019, the total number of employees of FoundPac Group was 115. Our emphasis has and will always be to hire local talent to support the local communities we operate in. For the FYE 2019, 99% of our employees are Malaysian.

FoundPac Group practices a non-discriminatory policy, where employees are hired and promoted based on the merit of job performance and commitment towards the organisation's goals.

The analysis of our workforce profile is as follows:-

Employee by local and non-local

	FYE 2019	
	Headcount	%
Local	114	99
Non-local	1	1
	115	100

Employee by gender

	FYE 2019	
	Headcount	%
Male	75	65
Female	40	35
	115	100

Employee in executive position by gender

	FYE 2019	
	Headcount	%
Male	20	57
Female	15	43
	35	100

3. Employee development

Engaging employees

FoundPac Group's human capital is developed and strengthened through its investment in people. Continuous training and professional development programs have helped to boost the technical knowledge and soft skills of our employees, positioning them in good stead to alleviate the performance standard quality, which is necessary for the Group to meet the ever changing needs of our customers. Newly recruited employees will undergo orientation program to help them familiarise and understand the culture and background of the organisation. The new employees will also go through the on-job structured training programs tailored to their respective roles.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (Cont'd)

3. Employee development (Cont'd)

Education and training

At FoundPac Group, we champion the idea of continuous learning for our employees to enhance their knowledge, skills and competencies in their current and future roles. Our Group is committed to provide in-house and cross-functional training and give opportunities to our employees to achieve accredited work-related certifications and attend other external programmes. On yearly basis, Department Heads are required to review the training needs of their staff and to recommend the relevant training courses for the staff to enhance their knowledge and skills.

Our employees participated in various type of training in the FYE 2019 as follows:-

Type of training	Headcount
Manufacturing	4
Supply chain	37
Tax	6
Productivity	15
Engineering	4
Management	15
Total number of headcount attending training	81

With the growing number of younger workforce and at the same time cultivating on-going learning culture, FoundPac Group enrolled educational assistance programme by providing sustainable funding every year to our employees.

As an initiative to celebrate successes and inculcate team morale, we organised a cruise tour in March 2019. This was mainly a form of recognition and appreciation towards our people and their contributions in driving the growth of the Group.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (Cont'd)

4. A safe and healthy work environment

In FoundPac Group, we focus on minimising the incidence of occupancy injury and illness through occupational safety and health preparedness. The Group ensure that the employees carry out their work in safe and hygienic working environment.

We invest in the safety, health and wellness of our employees by sending staff for safety and health related training courses. At FoundPac Group, we have an Occupational Safety and Health Management ("OSH") committee consists of key staff from various departments, whose main purpose is to safeguard, manage, discuss and report areas related to FoundPac Group's safety, health and environment issue and performance.

We are proud of the effort of our OSH committee has done. In the FYE 2019, there were no major safety or health related incidences at the workplace.

5. Emergency response

FoundPac Group's Emergency Response Team ("ERT") consists of 13 members, who are prepared to respond in emergency situations. They were trained to administer first aid, help evacuate buildings, and provide other assistance. We conducted first aid training, ERT training and annual fire drill to be prepared for emergency events.

6. Contribution to community

FoundPac Group acknowledges our responsibility by giving back to the community as part of good business practice. Every month, FoundPac Group donated cash contribution to Pertubuhan Perlindungan Kanak-Kanak Pulau Pinang for sustaining its daily activities with the aim of uplifting the educational level and human values.

In a continuous effort to nurture the relationship with the community, FoundPac Group will continue to embark into charity works like donation of food and organise blood donation.



Free Bubur Lambuk in the month of Ramadan on 16 May 2019



Blood donation on 25 June 2019

This Statement is made in accordance with a Board of Directors resolution dated 18 September 2019.

AUDIT COMMITTEE REPORT



The Audit Committee ("AC") was established by the Board of Directors ("Board") of FoundPac Group Berhad on 15 March 2016 with the primary objective of assisting the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices and internal control system of the FoundPac and its subsidiaries ("FoundPac Group" or "Group").

Composition

The present composition of the AC consists of three (3) members of the Board, all of whom are Independent Non-Executive Directors:-

Chairman of AC	Chan Bee Cheng <i>Independent Non-Executive Director</i>
Member of AC	Tan Cheik Eaik <i>Independent Non-Executive Chairman</i>
	Teoh Lay Fung <i>Independent Non-Executive Director</i>

This composition meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Ms. Chan Bee Cheng, the Chairman of the AC, is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA). Accordingly, this meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements of the Bursa Securities. The other two (2) members of the AC, Mr. Tan Cheik Eaik is the Chief Executive Officer of a Public Listed Company whilst Ms Teoh Lay Fung is a lawyer by profession. All members of the AC are believed to be able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC.

The Nominating Committee had on 13 August 2019 assessed the performance of the AC and its members through an annual board committee effectiveness evaluation. The Nominating Committee is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

Terms of reference

The Terms of Reference of the AC can be viewed on the FoundPac's website at www.foundpac.com.

Attendance at meetings

The information on the attendance of each member at the AC meetings held during the financial year ended 30 June 2019 ("FYE 2019") is as follows:

Member	Attendance
Chan Bee Cheng	5/5
Tan Cheik Eaik	5/5
Teoh Lay Fung	3/5

The AC conducted its meetings in an open and constructive manner and encouraged focused discussion, questioning and expressions of differing opinions. The External Auditors and Internal Auditors attended meetings of the AC to present their reports. As and when necessary, the AC would request the attendance of relevant personnel at its meetings to brief the AC on specific issues. The representatives from Finance Department also attended the AC meetings to present the unaudited quarterly financial reports, as well as other financial reporting related matters for the AC's deliberation and recommendation to the Board for approval, where appropriate.

At each meeting, the Chairman of the AC reported the AC's deliberations and recommendations to the Board. Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for notation.

AUDIT COMMITTEE REPORT (CONT'D)

Summary of activities

The activities carried out by the AC during the FYE 2019 in the discharge of its duties and responsibilities are as follows:-

1. Financial reporting

In the meeting on 14 August 2018, the AC reviewed the draft audited financial statements for the financial year ended 30 June 2018 ("FYE 2018") and recommended the same to the Board for inclusion in the Annual Report 2018.

During the meeting on 18 September 2018, the AC reviewed Audit Committee Report and the Statement on Risk Management and Internal control and recommended the same to the Board for inclusion in the Annual Report 2018.

The AC reviewed the quarterly results for the fourth quarter of the FYE 2018 and the quarterly results for the first quarter, second quarter and third quarter of the FYE 2019 at the AC meetings held on 14 August 2018, 21 November 2018, 19 February 2019 and 15 May 2019 respectively and recommended the same to the Board for approval and announcement to Bursa Securities.

2. External audit

The AC had on 14 August 2018 and 15 May 2019 met with the External Auditors for discussion session without the presence of the Executive Members.

During the meeting on 14 August 2018, the External Auditors updated the AC on the status of audit for the FYE 2018 and the outstanding audit areas as summarised in the Audit Review Memorandum. In compliance with ISA 701 Communicating Key Audit Matters ("KAM") in the Independent Auditors' Report, the External Auditors highlighted the identified KAM and the audit procedures in addressing such KAM to be presented in the Independent Auditors' Report for the AC's notation.

During the meeting, the AC enquired the External Auditors whether they have encountered any matter/concern/issue during the course of audit including the co-operation rendered by the staff thus far which will in any way cause difficulties to discharge their duties that warrants the AC's attention. The External Auditors informed that the management had granted full co-operation to the External Auditors during their course of audit.

The AC has also obtained confirmation from the External Auditors that Messrs. Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia) are not aware of any cause that in their professional judgement, may be thought to impair their independence.

On 14 August 2018, the AC concluded that based on the assessment, amongst others as set out below, the External Auditors performance for the FYE 2018 was found adequate and thereby recommended the re-appointment of Messrs. Crowe Malaysia PLT as the External Auditors of the Group to the Board for approval by its shareholders at the 3rd Annual General Meeting held on 21 November 2018:-

- after having satisfied with its audit independence and the quality processes/performance throughout its course of audit for the FYE 2018;
- able to give adequate technical support when audit issue arose; and
- adequate experience and resources for the audit engagements.

During the meeting on 15 May 2019, the External Auditors tabled the Audit Planning Memorandum prior to the commencement of audit of financial statements for FYE 2019. The External Auditors briefed the AC about changes in the Malaysian Financial Reporting Standards which are applicable to the Group, and more particularly outlined the nature and scope of audit, audit timetable, list of management communication term and audit engagement team to the AC.

The AC also enquired whether the External Auditors whether they have encountered any matter/concern/issue during the course of their previous audit that warrant the Committee's attention. The External Auditors reverted that they have received full co-operation from the management and staff. There was no critical issue from the audit work carried out on the Group to be highlighted to the AC.

AUDIT COMMITTEE REPORT (CONT'D)



Summary of activities (Cont'd)

The activities carried out by the AC during the FYE 2019 in the discharge of its duties and responsibilities are as follows:- (Cont'd)

3. Risk management and internal audit

At present, the Group does not have an in-house internal audit department. The Board has appointed an independent professional accounting and consulting firm, Finfield Corporate Services Sdn. Bhd. ("FCS" or "Internal Auditor") to carry out internal audit services, including enterprise risk management services, for the Group since 22 February 2017.

FCS's principal role is to provide independent assurance on the adequacy and effectiveness of risk management, internal control, and governance processes. It reports directly to the AC on its activities based on the approved annual Internal Audit Plans.

During the FYE 2019, the Internal Auditors have conducted review on risk management system and internal control system of FoundPac Group Berhad and its subsidiaries in the following areas:-

Company	Audit Area	Reporting Quarter
FoundPac Technologies Sdn. Bhd. ("FoundPac Tech")	• Information technology	November 2018
Dynamic Stencil Sdn. Bhd. ("DSSB")	• Risk management • Sales	February 2019 May 2019

During the course of internal audit, the Internal Auditors identified areas that required improvement. These areas were duly highlighted in the internal audit reports together with internal audit recommendations, the management comments and action plans in relation thereto and subsequently tabled to the AC.

The Internal Auditors also carried out follow-up reviews on previous internal audit findings and management action plans to ensure that the recommendations for improving the internal control systems were being implemented satisfactorily.

On 14 August 2018 and 19 February 2019, FCS presented its report to the Risk Management Committee ("RMC") concerning its review on the risk management system of FoundPac Tech and DSSB. The RMC reported the adequacy and effectiveness of the risk management process to the AC on the same dates. The reports included updates on the risk profile of both subsidiaries and relevant action plans to manage the Group's risks to an acceptable level.

The fees incurred for the internal audit services rendered during the FYE 2019 amounted to RM42,500.

4. Others

The AC reviewed and discussed the recurrent related party transactions to ensure that they were undertaken on an arm's length basis and on normal commercial terms not more favourable to the related party than those generally available to the public.

The AC has also reviewed and verified the allocation of option pursuant to the Employees' Shares Option Scheme ("ESOS") for the FYE 2018 and satisfied that it is in compliance with the criteria set out in the By-Laws.

Subsequent to the FYE 2019, the activities of the AC comprised the followings:-

1. Financial reporting

In the meeting on 13 August 2019, the AC reviewed the draft audited financial statements for the FYE 2019 and recommended the same to the Board for inclusion in the Annual Report 2019. The AC also reviewed the quarterly results for the fourth quarter of the FYE 2019 and recommended the same to the Board for approval and announcement to Bursa Securities.

In the meeting on 18 September 2019, the AC reviewed Audit Committee Report and the Statement on Risk Management and Internal Control and recommended the same to the Board for inclusion in the Annual Report 2019.

AUDIT COMMITTEE REPORT (CONT'D)

Summary of activities (Cont'd)

2. External audit

The AC had on 13 August 2019 met with the External Auditors without the presence of the Executive Members.

During the meeting on 13 August 2019, the External Auditors updated the AC on the status of audit for the FYE 2019 and the outstanding audit areas as summarised in the Audit Review Memorandum. In compliance with ISA 701 Communicating KAM in the Independent Auditors' Report, the External Auditors highlighted the identified KAM and the audit procedures in addressing such KAM to be presented in the Independent Auditors' Report for the AC's notation.

During the meeting, the AC enquired the External Auditors whether they have encountered any matter/concern/issue during the course of audit including the co-operation rendered by the staff thus far which will in any way cause difficulties to discharge their duties that warrants the AC's attention. The External Auditors informed that the Management had granted full co-operation to the External Auditors during their course of audit.

The AC has also obtained confirmation from the External Auditors that Messrs. Crowe Malaysia PLT are not aware of any cause that in their professional judgement, may be thought to impair their independence.

On 13 August 2019, the AC concluded that based on the assessment, amongst others as set out below, the External Auditors performance for the FYE 2019 was found adequate and thereby recommended the re-appointment of Messrs. Crowe Malaysia PLT as the External Auditors of the Group to the Board for approval by its shareholders at the forthcoming 4th Annual General Meeting to be held on 19 November 2019:-

- after having satisfied with its audit independence and the quality processes/performance throughout its course of audit for the FYE 2019;
- able to give adequate technical support when audit issue arose; and
- adequate experience and resources for the audit engagements.

3. Risk management and internal audit

On 13 August 2019, FCS presented its report to the RMC concerning its review on the risk management system of DSSB. The RMC reported the adequacy and effectiveness of the risk management process to the AC on the same date. The reports included the risk profile of DSSB and relevant action plans to manage the Group's risks to an acceptable level.

4. Others

The AC reviewed and discussed the recurrent related party transactions to ensure that they were undertaken on an arm's length basis and on normal commercial terms not more favourable to the related party than those generally available to the public.

The AC has also reviewed the summary allocation list of ESOS as at 30 June 2019 and noted that there was no granting of ESOS during the FYE 2019.

This statement is made in accordance with a Board of Directors resolution dated 18 September 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

The Board of Directors ("Board") of FoundPac Group Berhad ("FoundPac Group" or "Group") is pleased to present this Statement on Risk Management and Internal Control ("Statement"), which has been prepared in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers* issued by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the FoundPac Group's risk management practices and internal control system. The Board recognises that in order for the Group to meet its mission and objectives, as well as safeguarding shareholders' interest, it is important to have a sound system of risk management and internal control which are embedded in all aspects of activities of the Group.

In making this Statement, the Board wishes to highlight that like any other system of controls, our risk management and internal control system have been designed to manage the Group's risk to an acceptable level, within the risk appetite. The system can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud. The risk management and internal control systems cover strategic, operational, financial and compliance objectives of the Group.

SENIOR MANAGEMENT AND KEY PERSONNEL OF THE GROUP

The Senior Management and key personnel of the Group are accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. The Chief Executive Officer ("CEO") has provided the Board the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

RISK MANAGEMENT

The Group has formalised the risk management process of the Group through a Group Risk Management Framework. Under this Framework, Risk Management Committee ("RMC") and Risk Management Working Group ("RMWG") have been formed. The RMWG which consists of managers and key staff, together with RMC oversee the Group's risk management process.

The RMWG, is mainly responsible for identifying and assessing business and compliance risks by employing the following methodologies:-

- Identification of significant risks by the process owners
- Assessment of the likelihood and impact of the risks identified
- Evaluating the control strategies in relation to the risks
- Formulating action plan to address control deficiencies
- Setting Key Risk Indicators to monitor the risks

The RMWG reports to the RMC on periodical basis. The RMC will then meet to discuss and evaluate the RMWG reports for adoption. Thereafter, the RMC will report to the Audit Committee about the key risk and risk management activities carried out during that period. The Audit Committee will review the report and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

INTERNAL CONTROL SYSTEM

Internal controls are embedded in the various work processes and procedures at appropriate levels in the Group. The Board maintains an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures.

The CEO and senior management team are assigned with the responsibility of managing the Group. Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally by them. They are also accountable for the conduct and performance of the various business units. The CEO and senior management team monitor the affairs of the business units through review of performance and operation reports and having regular management meetings with the heads of the business units to identify, discuss and resolve business, financial, operational, environmental, compliance and management issues. The meetings also serve as an excellent platform whereby the Group's goals and objectives are communicated.

INTERNAL AUDIT

The Audit Committee is responsible for reviewing and monitoring the adequacy and effectiveness of the Group's system of internal control. The review and monitoring of the adequacy and effectiveness of the system of internal control are carried out through the internal audit function. In this respect, the Group has outsourced the internal audit function to an external independent professional consulting firm. The internal audit function assists the Audit Committee to achieve the following objectives:-

- Review and assess the adequacy and effectiveness of the current internal control system and provide recommendations to improve on the existing control environment in relation to key business processes and risk management practices;
- Recommend opportunities for improving efficiency, effectiveness and economic aspects of the Group's operations; and
- Promote a system of internal control that is responsive to the dynamic and ever changing business environment, cost effective and sustainable.

The annual internal audit plan is reviewed and approved by the Audit Committee prior to the commencement of internal audit review. The plan is developed based on the risk profile and analysis of the businesses of the Group, as well as on past experience. The internal audit will focus its resources on areas of high risks which will be audited more frequently than low risk areas.

For purposes of identifying and prioritising risks, the Internal Auditors will discuss with the RMC and the RMWG, review management reports and financial statements.

During the financial year, the Internal Auditors carried out reviews on the following areas:-

FoundPac Technologies Sdn. Bhd.

- Information technology

Dynamic Stencil Sdn. Bhd.

- Risk management; and
- Sales

The findings of their audits were tabled at the Audit Committee meetings for deliberation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

CONCLUSION

The Board, based on the internal auditors' reports for the financial year ended 30 June 2019 and having received reasonable assurance from the CEO, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system which have been in place for the financial year under review and up to the date of approval of this Statement. There were no material internal control weaknesses which had resulted in material losses, uncertainties or contingencies that would require disclosure in this Annual Report.

This Statement is made in accordance with a Board of Directors resolution dated 18 September 2019.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this Statement in accordance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report*.

The External Auditors limited assurance procedures primarily comprise obtaining an understanding of the processes described in this Statement, reviewing documentation to support the existence of the processes, and assessing whether the disclosure appropriately reflects the processes in place. The External Auditors are not required to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on their review as to the factual accuracy of the processes and not their effectiveness or efficiency, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in this Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers* issued by Bursa Malaysia Securities Berhad to be set out, nor is this Statement factually inaccurate.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Pursuant to Paragraph 15.26(a) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

Pursuant to the Companies Act 2016, the Directors are required to prepare financial statements which give a true and fair view of the state of affairs, including the cash flows and results of the Group and of the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the followings:-

- that the Group and the Company have used appropriate accounting policies, and these are consistently applied;
- that reasonable and prudent judgments and estimates were made;
- that the approved accounting standards in Malaysia have been adopted; and
- that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are responsible for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a Board of Directors resolution dated 18 September 2019.

ADDITIONAL COMPLIANCE INFORMATION



UTILISATION OF PROCEEDS

Subsequent to the Company's listing on the Main Market of Bursa Malaysia Securities Berhad on 29 December 2016, all the proceeds raised from the Public Issue amounting to RM21.600 million was fully utilised as follows:-

Purpose of utilisation	Proposed utilisation after variation RM'000	(a)	Actual utilisation RM'000	Estimated timeframe for utilisation from date of listing	(c)
Purchase of property, plant and equipment	8,000		(8,000)	Within 30 months	
Working capital	7,710	(b)	(7,710)	Within 24 months	
Design and development expenditure	3,000		(3,000)	Within 30 months	
Listing expenses	2,890		(2,890)	Immediate	
Total	21,600		(21,600)		

Notes:-

- (a) The proposed utilisation of the proceeds should be read in conjunction with the Prospectus of the Company dated 13 December 2016 and Announcements on the variation to the utilisation of proceeds and extension of time for the utilisation of proceeds dated 27 August 2018 and 28 November 2018 respectively.
- (b) Includes excess funds allocated for the listing expenses of RM0.110 million and re-allocation of RM4.000 million from overseas expansion which were utilised for general working capital purposes.
- (c) The estimated time frame for utilisation has been extended for an additional six (6) months up to 29 June 2019.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 30 June 2019 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:-

Category	Audit Fees RM'000	Non-Audit Fees [#] RM'000
Company	30	6
Subsidiaries	54	23
	84	29

[#] Non-audit fees consist of verification of MIDA grant, review of Statement of Risk Management and Internal Control and tax fees.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 30 June 2019 or entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

EMPLOYEES' SHARE OPTION SCHEME

The shareholders of the Company had via its Extraordinary General Meeting held on 22 November 2017, amongst others, approved the establishment of an Employees' Share Option Scheme ("ESOS") of up to 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS Scheme. The implementation of the ESOS is effective from 22 February 2018.

The movement of ESOS granted, forfeited, exercised and outstanding are as follows:-

	Balance as at 1 July 2018	Number of ESOS			Balance as at 30 June 2019
		Granted	Forfeited	Exercised	
Directors	10,500,000	-	-	-	10,500,000
Employees	14,907,500	-	(972,500)	(1,030,000)	12,905,000
Total	25,407,500	-	(972,500)	(1,030,000)	23,405,000

Pursuant to the Company's ESOS, not more than 70% of the options available under the scheme shall be allocated, in aggregate, to Directors and senior management.

Since the commencement of the scheme, 54.32% of the options under the scheme have been granted to Directors and senior management.

During the financial year, no options have been granted to Directors and senior management.

The table below set out the ESOS granted to, exercised by the Directors pursuant to the ESOS in respect of the financial year ended 30 June 2019:-

	Balance as at 1 July 2018	Number of ESOS			Balance as at 30 June 2019
		Granted	Forfeited	Exercised	
Executive Director					
Ong Choon Heng	2,500,000	-	-	-	2,500,000
Non-Executive Directors					
Lee Chun Wah	2,500,000	-	-	-	2,500,000
Tan Sin Khoo	2,500,000	-	-	-	2,500,000
Tan Cheik Eaik	1,000,000	-	-	-	1,000,000
Chan Bee Cheng	1,000,000	-	-	-	1,000,000
Teoh Lay Fung	1,000,000	-	-	-	1,000,000
Total	8,000,000	-	-	-	8,000,000

FINANCIAL STATEMENTS

CONTENTS

48

DIRECTORS' REPORT

52

STATEMENT BY DIRECTORS

52

STATUTORY DECLARATION

53

INDEPENDENT AUDITORS'
REPORT

57

CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION

58

CONSOLIDATED
STATEMENT OF
COMPREHENSIVE INCOME

59

CONSOLIDATED
STATEMENT OF CHANGES
IN EQUITY

61

CONSOLIDATED
STATEMENT OF CASH
FLOWS

62

STATEMENT OF FINANCIAL
POSITION

63

STATEMENT OF
COMPREHENSIVE INCOME

64

STATEMENT OF CHANGES
IN EQUITY

65

STATEMENT OF CASH
FLOWS

66

NOTES TO THE FINANCIAL
STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2019.

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the financial year attributable to:-		
- Owners of the Company	11,806,730	5,370,101
- Non-controlling interests	857,494	0
	12,664,224	5,370,101

Dividends

During the financial year, the Company declared and paid an interim single tier dividend of RM0.01 per share amounting to RM5,186,120 in respect of the financial year ended 30 June 2019.

Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of Shares or Debentures

During the financial year, the Company issued 1,030,000 ordinary shares at RM0.265 per share pursuant to the Employees' Share Option Scheme ("ESOS").

The Company did not issue any debentures during the financial year.

Share Options

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 22 November 2017, approved the ESOS of the Company. The ESOS became effective on 22 February 2018.

The principal features of the ESOS are disclosed in Note 13 to the financial statements.

The movements in the number of options during the financial year are as follows:-

Date of offer	Date of expiration	Exercise Price RM	Number of options over ordinary shares				
			Balance at 1.7.2018	Granted	Exercised	Forfeited	Balance at 30.6.2019
19 March 2018	18 April 2020	0.265	25,407,500	0	(1,030,000)	(972,500)	23,405,000

DIRECTORS' REPORT (CONT'D)



Bad and Doubtful Debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

Current Assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or the Company misleading or inappropriate.

Contingent and Other Liabilities

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

Change of Circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Items of an Unusual Nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

Directors

The directors in office since the beginning of the financial year are:-

Directors of the Company

Lee Chun Wah
Tan Sin Khoon
Ong Choon Heng
Tan Cheik Eaik
Chan Bee Cheng
Teoh Lay Fung

Director of Subsidiary (other than directors of the Company)

Lim Seng Chiew

Directors' Interests

According to the Register of Directors' Shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

Name of director	-----Number of ordinary shares-----					
	-----Direct interest-----			-----Deemed interest-----		
	Balance at 1.7.2018	Bought	(Sold)	Balance at 30.6.2019	Balance at 1.7.2018	Balance at 30.6.2019
Lee Chun Wah	21,434,600	8,617,900	0	30,052,500	185,400,000	181,800,000
Tan Sin Khoon	28,500,000	0	0	28,500,000	185,400,000	181,800,000
Ong Choon Heng	1,183,000	0	0	1,183,000	185,400,000	181,800,000
Tan Cheik Eaik	2,800,000	0	0	2,800,000	0	0
Chan Bee Cheng	1,820,000	0	(1,400,000)	420,000	0	0
Teoh Lay Fung	420,000	0	0	420,000	0	0

Name of director	-----Number of options over ordinary shares-----			
	Balance at 1.7.2018	Granted	Exercised	Balance at 30.6.2019
Lee Chun Wah	2,500,000	0	0	2,500,000
Tan Sin Khoon	2,500,000	0	0	2,500,000
Ong Choon Heng	2,500,000	0	0	2,500,000
Tan Cheik Eaik	1,000,000	0	0	1,000,000
Chan Bee Cheng	1,000,000	0	0	1,000,000
Teoh Lay Fung	1,000,000	0	0	1,000,000

By virtue of their interests in shares in the Company, Lee Chun Wah, Tan Sin Khoon and Ong Choon Heng are deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' REPORT (CONT'D)



Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 17 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 20 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement, apart from the Company's ESOS, whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance for Directors and Officers

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

Auditors

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 16 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

Signed in accordance with a resolution of the directors dated 13 August 2019

Lee Chun Wah

Ong Choon Heng

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 57 to 92 give a true and fair view of the financial position of the Group and the Company as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the directors dated 13 August 2019

Lee Chun Wah

Ong Choon Heng

STATUTORY DECLARATION

I, Ong Choon Heng (MIA membership no.: 21270), being the director primarily responsible for the financial management of FoundPac Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 92 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Ong Choon Heng at George Town in
the State of Penang on this 13 August 2019

Ong Choon Heng

Before me

Shamini A/P M Shanmugam
No. P157
Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

to the members of FoundPac Group Berhad (1165946-H) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FoundPac Group Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for *Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of goodwill (Refer to Notes 3 and 5 to the financial statements)</u> The Group carries significant goodwill. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.	Our audit procedures included, among others:- <ul style="list-style-type: none">• Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.• Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.• Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.• Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.

INDEPENDENT AUDITORS' REPORT (CONT'D)

to the members of FoundPac Group Berhad (1165946-H) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of receivables (Refer to Notes 3 and 9 to the financial statements)</u> The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none">• Obtaining an understanding of:-<ul style="list-style-type: none">– the Group's control over the receivable collection process;– how the Group identifies and assesses the impairment of receivables; and– how the Group makes the accounting estimates for impairment.• Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof.• Reviewing the subsequent cash collections for major receivables and overdue amounts.• Making inquiries of management regarding the action plans to recover overdue amounts.• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.• Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.• Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information other than the Financial Statements and Auditors' Report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.

INDEPENDENT AUDITORS' REPORT (CONT'D)

to the members of FoundPac Group Berhad (1165946-H) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT (CONT'D)

to the members of FoundPac Group Berhad (1165946-H) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Eddy Chan Wai Hun
02182/10/2019 J
Chartered Accountant

Date: 13 August 2019

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Note	2019 RM	2018 RM
NON-CURRENT ASSETS			
Property, plant and equipment	4	23,207,690	17,005,251
Goodwill	5	12,646,443	12,646,443
Deferred tax assets	7	0	24,000
		35,854,133	29,675,694
CURRENT ASSETS			
Inventories	8	3,471,691	2,949,075
Receivables	9	11,568,512	9,449,185
Prepayments		6,000,821	1,803,415
Current tax assets		22,000	289,105
Cash and cash equivalents	10	32,428,129	33,143,734
		53,491,153	47,634,514
CURRENT LIABILITIES			
Payables	11	3,241,735	2,657,543
Current tax liabilities		917,564	242,000
		4,159,299	2,899,543
NET CURRENT ASSETS		49,331,854	44,734,971
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7	2,398,000	1,972,000
Deferred income on government grants	12	334,373	0
		2,732,373	1,972,000
NET ASSETS		82,453,614	72,438,665
EQUITY			
Share capital	13	51,960,198	51,604,848
Share option reserve		1,746,940	1,154,885
Revaluation surplus		1,851,940	0
Retained profits		24,612,400	18,019,414
Equity attributable to owners of the Company		80,171,478	70,779,147
Non-controlling interests	14	2,282,136	1,659,518
TOTAL EQUITY		82,453,614	72,438,665

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2019

	Note	2019 RM	2018 RM
Revenue	15	44,946,468	35,534,253
Cost of goods sold		(21,890,140)	(18,551,013)
Gross profit		23,056,328	16,983,240
Interest income		1,132,266	1,315,470
Other income		241,592	180,256
Administrative and general expenses		(5,116,705)	(5,442,542)
Selling and distribution expenses		(2,722,657)	(2,341,449)
Finance costs		0	(769)
Profit before tax	16	16,590,824	10,694,206
Tax expense	18	(3,926,600)	(2,682,958)
Profit for the financial year		12,664,224	8,011,248
Other comprehensive income:-			
Items that will not be reclassified to profit or loss:-			
- Gross revaluation increase of properties		2,436,762	0
- Deferred tax effect thereof		(584,822)	0
Total other comprehensive income for the financial year		1,851,940	0
Comprehensive income for the financial year		14,516,164	8,011,248
Profit for the financial year attributable to:-			
- Owners of the Company		11,806,730	7,527,300
- Non-controlling interests	14	857,494	483,948
		12,664,224	8,011,248
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		13,658,670	7,527,300
- Non-controlling interests		857,494	483,948
		14,516,164	8,011,248
Earnings per share:-	19		
- Basic (sen)		2.28	1.45
- Diluted (sen)		2.26	1.45

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2019

	-----Non-distributable-----			Distributable			
	Share capital RM	Share option reserve RM	Revaluation surplus RM	Retained profits RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
Balance at 1 July 2017	51,710,037	0	0	15,809,378	67,519,415	0	67,519,415
Acquisition of subsidiary	0	0	0	0	0	1,284,519	1,284,519
Bonus issue	89,963	0	0	(89,963)	0	0	0
Share issue transaction costs	(195,152)	0	0	0	(195,152)	0	(195,152)
Share-based payments	0	1,154,885	0	(47,301)	1,107,584	47,301	1,154,885
Interim single tier dividend of RM0.01 per share to owners of the Company	0	0	0	(5,180,000)	(5,180,000)	0	(5,180,000)
Dividend to non-controlling interests	0	0	0	0	0	(156,250)	(156,250)
Total transactions with owners	(105,189)	1,154,885	0	(5,317,264)	(4,267,568)	(108,949)	(4,376,517)
Profit (representing comprehensive income) for the financial year	0	0	0	7,527,300	7,527,300	483,948	8,011,248
Balance at 30 June 2018	51,604,848	1,154,885	0	18,019,414	70,779,147	1,659,518	72,438,665

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

for the financial year ended 30 June 2019

	Share capital RM	Share option reserve RM	Revaluation surplus RM	Retained profits RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
Balance at 1 July 2018	51,604,848	1,154,885	0	18,019,414	70,779,147	1,659,518	72,438,665
Share-based payments	0	674,455	0	(27,624)	646,831	27,624	674,455
Issue of shares pursuant to Employees' Share Option Scheme	355,350	(82,400)	0	0	272,950	0	272,950
Interim single tier dividend of RM0.01 per share to owners of the Company	0	0	0	(5,186,120)	(5,186,120)	0	(5,186,120)
Dividend to non-controlling interests	0	0	0	0	0	(262,500)	(262,500)
Total transactions with owners	355,350	592,055	0	(5,213,744)	(4,266,339)	(234,876)	(4,501,215)
Gross revaluation increase of properties	0	0	2,436,762	0	2,436,762	0	2,436,762
Deferred tax effect thereof	0	0	(584,822)	0	(584,822)	0	(584,822)
Total other comprehensive income for the financial year	0	0	1,851,940	0	1,851,940	0	1,851,940
Profit for the financial year	0	0	0	11,806,730	11,806,730	857,494	12,664,224
Comprehensive income for the financial year	0	0	1,851,940	11,806,730	13,658,670	857,494	14,516,164
Balance at 30 June 2019	51,960,198	1,746,940	1,851,940	24,612,400	80,171,478	2,282,136	82,453,614

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2019



	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,590,824	10,694,206
Adjustments for:-		
Amortisation of deferred income	(78,779)	0
Depreciation of property, plant and equipment	2,991,130	1,568,055
Gain on disposal of property, plant and equipment	(3,000)	(47,320)
Interest expense	0	769
Interest income	(1,132,266)	(1,315,470)
Inventories written down	505,634	254,078
Share-based payments	674,455	1,154,885
Unrealised gain on foreign exchange	(8,085)	(132,680)
Operating profit before working capital changes	19,539,913	12,176,523
Changes in:-		
Inventories	(1,028,250)	(276,607)
Receivables	(2,172,069)	1,024,713
Prepayments	(4,197,406)	(1,594,954)
Payables	627,277	(1,131,182)
Cash generated from operations	12,769,465	10,198,493
Tax paid	(3,148,118)	(4,923,083)
Tax refunded	29,365	130,756
Net cash from operating activities	9,650,712	5,406,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	0	(11,298,357)
Grants received	413,152	0
Interest received	1,132,266	1,315,470
Proceeds from disposal of property, plant and equipment	4,333	61,000
Purchase of property, plant and equipment	(6,758,140)	(3,184,182)
Net cash used in investing activities	(5,208,389)	(13,106,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interests	(262,500)	(156,250)
Dividend paid to owners of the Company	(5,186,120)	(5,180,000)
Interest paid	0	(769)
Issue of shares	272,950	0
Repayment of hire purchase obligations	0	(40,764)
Share issue transaction costs paid	0	(195,152)
Net cash used in financing activities	(5,175,670)	(5,572,935)
Effect of exchange rate changes on cash and cash equivalents	17,742	30,770
Net decrease in cash and cash equivalents	(715,605)	(13,242,068)
Cash and cash equivalents brought forward	33,143,734	46,385,802
Cash and cash equivalents carried forward	32,428,129	33,143,734

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Note	2019 RM	2018 RM
NON-CURRENT ASSETS			
Investments in subsidiaries	6	34,623,340	34,028,521
CURRENT ASSETS			
Receivables	9	1,000	1,000
Prepayments		14,400	14,400
Current tax assets		22,000	22,000
Cash and cash equivalents	10	19,779,064	19,191,497
		19,816,464	19,228,897
CURRENT LIABILITIES			
Payables	11	156,000	105,000
		156,000	105,000
NET CURRENT ASSETS		19,660,464	19,123,897
NET ASSETS		54,283,804	53,152,418
EQUITY			
Share capital	13	51,960,198	51,604,848
Share option reserve		1,746,940	1,154,885
Retained profits		576,666	392,685
TOTAL EQUITY		54,283,804	53,152,418

The annexed notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2019



	Note	2019 RM	2018 RM
Revenue	15	5,160,000	5,482,500
Interest income		702,628	628,041
Other income		30	82
Administrative and general expenses		(492,557)	(583,512)
Profit before tax	16	5,370,101	5,527,111
Tax expense	18	0	(1,336)
Profit for the financial year		5,370,101	5,525,775
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		5,370,101	5,525,775

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2019

	Share capital RM	Non- distributable Share option reserve RM	Distributable Retained profits RM	Total equity RM
Balance at 1 July 2017	51,710,037	0	136,873	51,846,910
Bonus issue	89,963	0	(89,963)	0
Share issue transaction costs	(195,152)	0	0	(195,152)
Share-based payments	0	1,154,885	0	1,154,885
Interim single tier dividend of RM0.01 per share	0	0	(5,180,000)	(5,180,000)
Total transactions with owners	(105,189)	1,154,885	(5,269,963)	(4,220,267)
Profit (representing comprehensive income) for the financial year	0	0	5,525,775	5,525,775
Balance at 30 June 2018	51,604,848	1,154,885	392,685	53,152,418
Share-based payments	0	674,455	0	674,455
Issue of shares pursuant to Employees' Share Option Scheme	355,350	(82,400)	0	272,950
Interim single tier dividend of RM0.01 per share	0	0	(5,186,120)	(5,186,120)
Total transactions with owners	355,350	592,055	(5,186,120)	(4,238,715)
Profit (representing comprehensive income) for the financial year	0	0	5,370,101	5,370,101
Balance at 30 June 2019	51,960,198	1,746,940	576,666	54,283,804

The annexed notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2019



	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,370,101	5,527,111
Adjustments for:-		
Dividend income	(5,160,000)	(5,482,500)
Interest income	(702,628)	(628,041)
Share-based payments	79,636	136,364
Operating loss before working capital changes	(412,891)	(447,066)
Changes in:-		
Prepayments	0	(4,400)
Payables	51,000	81,000
Cash absorbed by operations	(361,891)	(370,466)
Tax paid	(24,000)	(29,336)
Tax refunded	24,000	0
Net cash used in operating activities	(361,891)	(399,802)
CASH FLOWS FROM INVESTING ACTIVITIES		
Incorporation of subsidiary	0	(10,000)
Dividend received	5,160,000	5,482,500
Interest received	702,628	628,041
Net cash from investing activities	5,862,628	6,100,541
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5,186,120)	(5,180,000)
Issue of shares	272,950	0
Share issue transaction costs paid	0	(195,152)
Net cash used in financing activities	(4,913,170)	(5,375,152)
Net increase in cash and cash equivalents	587,567	325,587
Cash and cash equivalents brought forward	19,191,497	18,865,910
Cash and cash equivalents carried forward	19,779,064	19,191,497

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

1. General Information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia and its principal place of business is located at Plot 35, Hilir Sungai Keluang 2, Bayan Lepas Industrial Estate, Non-Free Industrial Zone Phase IV, 11900 Bayan Lepas, Penang, Malaysia.

The consolidated financial statements set out on pages 57 to 61 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 62 to 65 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 13 August 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:-

MFRS	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures</i> (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019



2. Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation of Financial Statements (Cont'd)

The initial application of the above MFRSs did not have any significant impacts on the financial statements.

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 11 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

MFRS 16 *Leases*

MFRS 16, which replaces *MFRS 117 Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group and the Company will apply the new requirements of MFRS 16 from 1 July 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

2. Significant Accounting Policies (Cont'd)

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the following methods:-

<u>Subsidiary</u>	<u>Method</u>
FoundPac Sdn. Bhd.	Merger
FoundPac Technologies Sdn. Bhd.	Merger
FoundPac Capital Sdn. Bhd.	Acquisition
Dynamic Stencil Sdn. Bhd.	Acquisition

Merger Method

The merger method is used for business combination involving entities under common control which is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the merger method, the results of the combining entities are presented as if the entities had been combined throughout the reporting period. The cost of merger is cancelled against the value of shares acquired and any difference arising from the cancellation is taken to equity. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

Acquisition Method

Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.5. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019



2. Significant Accounting Policies (Cont'd)

2.2 Basis of Consolidation (Cont'd)

Acquisition Method (Cont'd)

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.5.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Capital work-in-progress is not depreciated. Leasehold land and buildings are depreciated on a straight-line basis over the lease term of 44 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Plant and machinery	20%
Office equipment, furniture and fittings	20% - 50%
Renovation	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.4 Investments in Subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.5.

2.5 Impairment of Non-Financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than deferred tax assets and inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

2. Significant Accounting Policies (Cont'd)

2.6 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.7 Financial Assets

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents.

Initial Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.12). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019



2. Significant Accounting Policies (Cont'd)

2.8 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables.

Initial Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus transaction costs.

Subsequent Measurement

All payables are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.9 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

2.10 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.11 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

2. Significant Accounting Policies (Cont'd)

2.11 Fair Value Measurement (Cont'd)

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Non-Financial Assets

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents and payables which are short-term in nature or repayable on demand are reasonable approximations of fair values.

2.12 Revenue from Contracts with Customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019



2. Significant Accounting Policies (Cont'd)

2.13 Other Income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Interest income is recognised in profit or loss using the effective interest method.

2.14 Government Grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statement of comprehensive income.

2.15 Employee Benefits

Short-Term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

Share-Based Payments

The Employees' Share Option Scheme ("ESOS") of the Company grants the Group's eligible employees options to subscribe for shares in the Company at pre-determined subscription prices. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period as share option reserve. The total amount to be recognised is determined by reference to the fair value of the share options at grant date and the estimated number of share options expected to vest on vesting date.

2.16 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

2. Significant Accounting Policies (Cont'd)

2.16 Income Taxes (Cont'd)

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. Judgements and Estimation Uncertainty

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Impairment of Goodwill

Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amount of goodwill is disclosed in Note 5.

Valuation of Inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 8).

Impairment of Receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 9).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

4. Property, Plant and Equipment

Group

Group	Leasehold land (at valuation) RM	Buildings (at valuation) RM	Plant and machinery RM	Office equipment, furniture and fitting RM	Renovation RM	Capital work-in progress RM	Total RM
COST (UNLESS OTHERWISE STATED)							
Balance at 1 July 2017	8,200,000	4,500,000	7,315,026	1,535,431	342,902	0	21,893,359
Acquisition of subsidiary	0	0	1,917,348	118,870	50,698	56,710	2,143,626
Additions	0	0	1,456,147	390,733	246,496	1,090,806	3,184,182
Disposals	0	0	(136,800)	0	0	0	(136,800)
Balance at 30 June 2018	8,200,000	4,500,000	10,551,721	2,045,034	640,096	1,147,516	27,084,367
Additions	0	0	4,628,245	1,652,547	179,180	298,168	6,758,140
Disposals	0	0	0	(18,699)	0	0	(18,699)
Reclassifications	0	888,454	233,020	0	0	(1,121,474)	0
Revaluation	1,400,000	(288,454)	0	0	0	0	1,111,546
Balance at 30 June 2019	9,600,000	5,100,000	15,412,986	3,678,882	819,276	324,210	34,935,354
ACCUMULATED DEPRECIATION							
Balance at 1 July 2017	427,826	234,782	5,148,210	1,442,672	201,650	0	7,455,140
Acquisition of subsidiary	0	0	1,023,897	104,456	50,688	0	1,179,041
Depreciation	213,913	117,391	1,072,815	93,194	70,742	0	1,568,055
Disposals	0	0	(123,120)	0	0	0	(123,120)
Balance at 30 June 2018	641,739	352,173	7,121,802	1,640,322	323,080	0	10,079,116
Depreciation	213,913	117,391	2,141,726	386,966	131,134	0	2,991,130
Disposals	0	0	0	(17,366)	0	0	(17,366)
Revaluation	(855,652)	(469,564)	0	0	0	0	(1,325,216)
Balance at 30 June 2019	0	0	9,263,528	2,009,922	454,214	0	11,727,664
CARRYING AMOUNT							
Balance at 1 July 2017	7,772,174	4,265,218	2,166,816	92,759	141,252	0	14,438,219
Balance at 30 June 2018	7,558,261	4,147,827	3,429,919	404,712	317,016	1,147,516	17,005,251
Balance at 30 June 2019	9,600,000	5,100,000	6,149,458	1,668,960	365,062	324,210	23,207,690

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

4. Property, Plant and Equipment (Cont'd)

The land and buildings were revalued to fair values on 30 June 2019 based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2). Had the land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:-

	2019 RM	2018 RM
Leasehold land	818,031	841,800
Buildings	2,252,262	2,575,791
	3,070,293	3,417,591

5. Goodwill

Group

	2019 RM	2018 RM
Balance at 1 July	12,646,443	0
Acquisition of subsidiary	0	12,646,443
Balance at 30 June	12,646,443	12,646,443

Goodwill is attributable to a subsidiary, Dynamic Stencil Sdn. Bhd., which represents a separate cash-generating unit ("CGU").

The recoverable amount of the CGU was determined based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. A growth rate of 0% was used to extrapolate the cash flow projections beyond the 5 years covered by the financial budgets/forecasts. A discount rate of 13.82% (2018: 19.21%) per annum was applied to the cash flow projections.

Barring any unforeseen circumstances, management believes that no reasonably possible change in the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

6. Investments in Subsidiaries

Company

	2019 RM	2018 RM
Unquoted shares - at cost	33,010,000	33,010,000
Employees' share options granted to subsidiaries	1,613,340	1,018,521
	34,623,340	34,028,521

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

6. Investments in Subsidiaries (Cont'd)

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2019	2018	
FoundPac Sdn. Bhd.	Malaysia	100%	100%	Investment holding
FoundPac Technologies Sdn. Bhd.	Malaysia	100%	100%	Design, development, manufacture, marketing and sale of stiffeners, test sockets, hand lids and related accessories
FoundPac Capital Sdn. Bhd.	Malaysia	100%	100%	Investment holding
<u>Subsidiary of FoundPac Capital Sdn. Bhd.</u>				
Dynamic Stencil Sdn. Bhd.	Malaysia	75%	75%	Manufacture and sale of laser stencils

Incorporation of Subsidiary

On 22 November 2017, the Company incorporated FoundPac Capital Sdn. Bhd. with an initial paid-up share capital of RM10,000.

Acquisition of Subsidiary

On 24 November 2017, the Group, through FoundPac Capital Sdn. Bhd., acquired 75% equity interest in Dynamic Stencil Sdn. Bhd. for cash consideration of RM16,500,000. The acquisition gave rise to a goodwill of RM12,646,443.

7. Deferred Tax Assets/(Liabilities)

Group

	2019 RM	2018 RM
Balance at 1 July	(1,948,000)	(1,944,000)
Acquisition of subsidiary	0	54,000
Deferred tax income/(expense) relating to origination and reversal of temporary differences recognised in:-		
- Profit or loss	134,822	(64,000)
- Other comprehensive income	(584,822)	0
Deferred tax liabilities overprovided in prior year	0	6,000
Balance at 30 June	<u>(2,398,000)</u>	<u>(1,948,000)</u>
Disclosed as:-		
- Deferred tax assets	0	24,000
- Deferred tax liabilities	<u>(2,398,000)</u>	<u>(1,972,000)</u>
	<u>(2,398,000)</u>	<u>(1,948,000)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

7. Deferred Tax Assets/(Liabilities) (Cont'd)

	2019 RM	2018 RM
In respect of (taxable)/deductible temporary differences of:-		
- Property, plant and equipment	(2,584,000)	(1,916,000)
- Financial instruments	186,000	(32,000)
	<u>(2,398,000)</u>	<u>(1,948,000)</u>

8. Inventories

Group

	2019 RM	2018 RM
Raw materials	1,041,889	1,212,929
Work-in-progress	1,089,476	605,761
Finished goods	1,340,326	1,130,385
	<u>3,471,691</u>	<u>2,949,075</u>

9. Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables:-				
- Related party*	26,432	101,960	0	0
- Unrelated parties	11,174,651	8,457,996	0	0
	11,201,083	8,559,956	0	0
Other receivables	367,429	889,229	1,000	1,000
	<u>11,568,512</u>	<u>9,449,185</u>	<u>1,000</u>	<u>1,000</u>

* Being a company in which a director has a substantial financial interest

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

9. Receivables (Cont'd)

Trade Receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 June 2019, there was 1 (2018 : 1) major customer that accounted for 10% or more of the Group's trade receivables and the total outstanding balance due from this major customer amounted to RM1,484,580 (2018 : RM897,090). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2019 RM	2018 RM
Malaysia	2,210,949	2,330,642
Other Asian countries	4,093,696	1,533,400
North America	3,634,669	2,897,585
Europe	1,261,769	1,798,329
	11,201,083	8,559,956

The credit terms of trade receivables range from 30 to 90 days.

The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2019 RM	2018 RM
Not past due	5,887,134	4,504,131
1 to 30 days past due	2,166,598	2,009,319
31 to 60 days past due	1,482,619	803,059
61 to 90 days past due	1,082,084	572,740
More than 90 days past due	582,648	670,707
	11,201,083	8,559,956

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables are not considered to be material and hence, have not been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

10. Cash and Cash Equivalents

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term highly liquid investments	15,934,021	16,021,060	7,734,864	12,624,635
Cash and bank balances	16,494,108	17,122,674	12,044,200	6,566,862
	32,428,129	33,143,734	19,779,064	19,191,497

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

11. Payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	1,765,465	1,837,205	0	0
Other payables	1,476,270	820,338	156,000	105,000
	3,241,735	2,657,543	156,000	105,000

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

The credit terms of payables range from 30 to 90 days.

12. Deferred Income on Government Grants

Group

	2019 RM	2018 RM
Balance at 1 July	0	0
Grants related to property, plant and equipment	413,152	0
Amortisation	(78,779)	0
Balance at 30 June	334,373	0

The Group received grants from the local government for modernisation and upgrading of its existing manufacturing activities. The grants covered 50% of the costs of the assets subject to the limits approved by the local government.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

13. Share Capital

	No. of ordinary shares with no par value	RM
<u>Issued and fully paid</u>		
Balance at 1 July 2017	370,000,000	51,710,037
Bonus issue	148,000,000	89,963
Share issue transaction costs	0	(195,152)
Balance at 30 June 2018	518,000,000	51,604,848
Issue of shares	1,030,000	355,350
Balance at 30 June 2019	519,030,000	51,960,198

Employees' Share Option Scheme ("ESOS")

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 22 November 2017, approved the Company's ESOS. The ESOS became effective on 22 February 2018.

The principal features of the ESOS are as follows:-

- i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 10% of the total issued share in the capital of the Company during the duration of the ESOS.
- ii) Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and completed at least 6 months of service within the Group on a full time basis.
- iii) All non-executive directors who have been appointed to the Board for more than 1 year shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.
- iv) The ESOS shall be valid for a duration of 5 years from the effective date. The duration of ESOS may be extended to a maximum of 10 years from effective date subject to the discretion of the directors.
- v) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.
- vi) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

13. Share Capital (Cont'd)

Employees' Share Option Scheme ("ESOS") (Cont'd)

The movements in the number of share options during the financial year are as follows:-

	No. of options over ordinary shares	Exercise price RM	Weighted average share price RM	Remaining contractual life
Outstanding at 1 July 2017	0			
Granted	25,955,000	0.265		
Forfeited	(547,500)	0.265		
Outstanding at 30 June 2018	<u>25,407,500</u>	0.265		1.81 years
Exercisable at 30 June 2018	<u>12,703,400</u>	0.265		
Outstanding at 1 July 2018	25,407,500	0.265		
Exercised	(1,030,000)	0.265	0.302	
Forfeited	(972,500)	0.265		
Outstanding at 30 June 2019	<u>23,405,000</u>	0.265		0.81 year
Exercisable at 30 June 2019	<u>23,405,000</u>	0.265		

The fair value of share options granted since the effective date of the ESOS was measured using the Black Scholes Model with the following inputs:-

Grant date	19.3.2018
Fair value at grant date	<u>RM0.080</u>
Weighted average share price	RM0.290
Exercise price	RM0.265
Expected volatility	37.96%
Option life	2 years
Expected dividends	0.00%
Risk-free interest rate	<u>3.63%</u>

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

14. Non-Controlling Interests ("NCI")

Group

	Accumulated NCI		Profit allocated to NCI	
	2019 RM	2018 RM	2019 RM	2018 RM
Dynamic Stencil Sdn. Bhd.	2,282,136	1,659,518	857,494	483,948

The details of the subsidiary that has NCI are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2019	2018	
Dynamic Stencil Sdn. Bhd.	Malaysia	25%	25%	Manufacture and sale of laser stencils

The summarised financial information (before inter-company eliminations) of the above subsidiary is as follows:-

	2019 RM	2018 RM
Non-current assets	1,536,036	1,321,762
Current assets	8,112,922	6,079,636
Current liabilities	(495,414)	(763,327)
Non-current liabilities	(25,000)	0
Net assets	9,128,544	6,638,071
Revenue	11,064,275	*5,764,123
Profit (representing comprehensive income)	3,429,976	*1,935,792
Dividend paid to NCI	262,500	*156,250
Net cash from/(used in) operating activities	2,105,200	*(999,451)
Net cash used in investing activities	(412,439)	*(366,176)
Net cash used in financing activities	(1,050,000)	*(666,533)
Net cash inflow/(outflow)	642,761	*(2,032,160)

* From the date of acquisition to 30 June 2018

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

15. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers:-				
- Sale of goods	44,946,468	35,534,253	0	0
Other source of revenue:-				
- Dividend income	0	0	5,160,000	5,482,500
	44,946,468	35,534,253	5,160,000	5,482,500

Disaggregation of revenue from contracts with customers

	Group	
	2019 RM	2018 RM
Major products:-		
- Precision engineering	33,889,693	29,770,130
- Laser stencils	11,056,775	5,764,123
	44,946,468	35,534,253
Geographical areas:-		
- Malaysia	9,777,606	9,723,657
- Other Asian countries	10,697,131	5,988,841
- North America	13,735,026	11,204,531
- Europe	10,705,597	8,617,224
- Others	31,108	0
	44,946,468	35,534,253

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

16. Profit Before Tax

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax is arrived at after charging:-				
Auditors' remuneration	84,000	73,000	30,000	30,000
Depreciation of property, plant and equipment	2,991,130	1,568,055	0	0
Employee benefits expense (Note 17)	9,273,790	8,599,566	227,136	286,364
Fee expense for financial instruments not measured at fair value through profit or loss	52,826	48,104	301	312
Interest expense for financial liabilities measured at amortised cost	0	769	0	0
Inventories written down	505,634	254,078	0	0
Realised loss on foreign exchange	0	477,711	0	0
Rental expense	215,800	127,600	0	0
and crediting:-				
Amortisation of deferred income	78,779	0	0	0
Gain on disposal of property, plant and equipment	3,000	47,320	0	0
Gain on foreign exchange:-				
- Realised	119,967	0	0	0
- Unrealised	8,085	132,680	0	0
Interest income for financial assets measured at amortised cost	1,132,266	1,315,470	702,628	628,041

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

17. Employee Benefits Expense (Including Directors' Remuneration)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company:-				
- Fees	120,000	120,000	120,000	120,000
- Other short-term employee benefits	1,082,116	1,728,100	27,500	30,000
- Defined contribution plans	115,800	202,307	0	0
- Share-based payments	278,727	477,272	79,636	136,364
	1,596,643	2,527,679	227,136	286,364
Director of subsidiary:-				
- Short-term employee benefits	490,923	245,484	0	0
- Defined contribution plans	58,800	29,400	0	0
- Share-based payments	20,129	33,871	0	0
	569,852	308,755	0	0
Other employees:-				
- Short-term employee benefits	6,132,902	4,682,052	0	0
- Defined contribution plans	598,794	437,338	0	0
- Share-based payments	375,599	643,742	0	0
	7,107,295	5,763,132	0	0
	9,273,790	8,599,566	227,136	286,364

18. Tax Expense

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax based on results for the year:-				
- Current tax	3,908,000	2,613,000	0	0
- Deferred tax	(134,822)	64,000	0	0
	3,773,178	2,677,000	0	0
Tax under/(over) provided in prior year:-				
- Current tax	153,422	11,958	0	1,336
- Deferred tax	0	(6,000)	0	0
	3,926,600	2,682,958	0	1,336

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019



18. Tax Expense (Cont'd)

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Applicable tax rate	24.00	24.00	24.00	24.00
Non-deductible expenses	3.43	4.87	2.19	2.52
Non-taxable income	(1.70)	(2.52)	(26.19)	(26.52)
Tax incentives claimed	(2.99)	(0.94)	0.00	0.00
Effect of differential tax rates	0.00	(0.38)	0.00	0.00
Average effective tax rate	22.74	25.03	0.00	0.00

19. Earnings Per Share

Group

The earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2019	2018
Profit for the financial year attributable to owners of the Company (RM)	11,806,730	7,527,300
Number of shares in issue as at 1 July	518,000,000	370,000,000
Effect of bonus issue	0	148,000,000
Effect of shares issued pursuant to ESOS	649,419	0
Weighted average number of shares for computing basic earnings per share	518,649,419	518,000,000
Number of shares under ESOS deemed to have been issued for no consideration	3,030,234	0
Weighted average number of shares for computing diluted earnings per share	521,679,653	518,000,000
Basic earnings per share (sen)	2.28	1.45
Diluted earnings per share (sen)	2.26	1.45

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

20. Related Party Disclosures

Transactions with related parties during the financial year are as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Key management personnel compensation:-				
- Short-term employee benefits	1,693,039	2,093,584	147,500	150,000
- Defined contribution plans	174,600	231,707	0	0
- Share-based payments	298,856	511,143	79,636	136,364
	2,166,495	2,836,434	227,136	286,364
Dividend received from subsidiary	0	0	5,160,000	5,482,500
Granting of employees' share options to subsidiaries	0	0	594,819	1,018,521
Sale of goods to other related party*	510,272	618,100	0	0

* Being a company in which a director has a substantial financial interest

21. Segment Reporting

Group

Operating Segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- (i) Precision engineering - Design, development, manufacture, marketing and sale of stiffeners, test sockets, hand lids and related accessories
- (ii) Laser stencils - Manufacture and sale of laser stencils

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019



21. Segment Reporting (Cont'd)

Operating Segments (Cont'd)

	Precision engineering RM	Laser stencils RM	Total RM
--	--------------------------------	-------------------------	-------------

2019

STATEMENT OF FINANCIAL POSITION

Segment assets	66,951,577	22,393,709	89,345,286
----------------	------------	------------	------------

Included in the measure of segment assets are:-

- Additions to non-current assets	6,202,299	555,841	6,758,140
-----------------------------------	-----------	---------	-----------

Segment liabilities	6,361,258	530,414	6,891,672
---------------------	-----------	---------	-----------

STATEMENT OF COMPREHENSIVE INCOME

Segment profit	9,237,478	3,426,746	12,664,224
----------------	-----------	-----------	------------

Included in the measure of segment profit are:-

- External revenue	33,889,693	11,056,775	44,946,468
- Interest income	979,009	153,257	1,132,266
- Non-cash income	86,864	0	86,864
- Depreciation	2,673,563	317,567	2,991,130
- Other non-cash expenses	1,069,592	110,497	1,180,089
- Tax expense	2,792,335	1,134,265	3,926,600

2018

STATEMENT OF FINANCIAL POSITION

Segment assets	57,127,832	20,182,376	77,310,208
----------------	------------	------------	------------

Included in the measure of segment assets are:-

- Additions to non-current assets	2,731,827	452,355	3,184,182
-----------------------------------	-----------	---------	-----------

Segment liabilities	4,098,216	773,327	4,871,543
---------------------	-----------	---------	-----------

STATEMENT OF COMPREHENSIVE INCOME

Segment profit	6,228,068	1,783,180	8,011,248
----------------	-----------	-----------	-----------

Included in the measure of segment profit are:-

- External revenue	29,770,130	5,764,123	35,534,253
- Interest income	1,228,412	87,058	1,315,470
- Non-cash income	132,680	0	132,680
- Interest expense	0	769	769
- Depreciation	1,448,877	119,178	1,568,055
- Other non-cash expenses	1,219,760	189,203	1,408,963
- Tax expense	2,119,958	563,000	2,682,958

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

21. Segment Reporting (Cont'd)

Geographical Information

The Group operates principally in Malaysia and generates revenue from the following geographical locations of customers:-

	External revenue	
	2019 RM	2018 RM
Malaysia	9,777,606	9,723,657
Other Asian countries	10,697,131	5,988,841
North America	13,735,026	11,204,531
Europe	10,705,597	8,617,224
Others	31,108	0
	44,946,468	35,534,253

Major Customers

The Group did not have any major customer that contributed 10% or more of its total revenue during the financial year ended 30 June 2019 and 30 June 2018.

22. Contractual Commitments

Group

	2019 RM	2018 RM
Purchase of property, plant and equipment	589,000	3,811,000

23. Financial Risk Management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk and currency risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 9. As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is low.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

23. Financial Risk Management (Cont'd)

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currencies transacted are US Dollar ("USD") and Euro ("EUR"), and the gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Group			
	Denominated in USD		Denominated in EUR	
	2019 RM	2018 RM	2019 RM	2018 RM
Receivables	8,213,511	5,818,090	749,944	387,411
Cash and cash equivalents	917,189	2,013,940	1,369,323	754,242
Payables	312,765	214,025	0	0

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in profit 2019 RM	Increase/ (Decrease) in profit 2018 RM
Appreciation of USD against RM by 10%	670,163	578,968
Depreciation of USD against RM by 10%	(670,163)	(578,968)
Appreciation of EUR against RM by 10%	161,064	86,766
Depreciation of EUR against RM by 10%	(161,064)	(86,766)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 June 2019

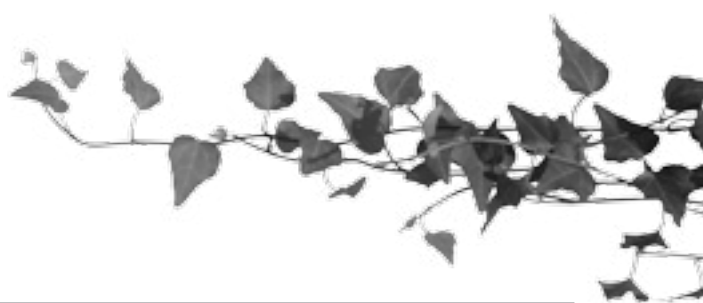
24. Capital Management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity.

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

LIST OF PROPERTIES



Registered Owner/ Title/ Address	Description/ Existing Use	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq. Feet)	Net Book Value as at 30.6.2019 (RM'000)	Date of Last Revaluation
-------------------------------------	------------------------------	--	---	--	-----------------------------

FoundPac Sdn. Bhd.

Title

Pajakan Negeri 5869, Lot 12349, Mukim 12, District of South West, Penang

Industrial land with three (3) buildings erected thereon.

21 years/
60 years
leasehold expiring
31.10.2053

66,133/
48,816

14,700

01.07.2019

Address

Plot 35, Hilir Sungai Keluang 2, Bayan Lepas Industrial Estate, Non-Free Industrial Zone Phase IV, 11900 Bayan Lepas, Penang

Factory complex comprises 1-single storey sales office building, 1-single storey management office, 1.5-storey detached factory.

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 19 SEPTEMBER 2019

Total Number of Issued Shares : 520,124,500
 Class of Share : Ordinary Shares with equal voting rights
 Number of Shareholders : 4,841

DISTRIBUTION OF SHAREHOLDERS AS AT 19 SEPTEMBER 2019

Holdings	No. of Holders	Total Holdings	%
1 – 99	81	3,507	0.00
100 – 1,000	269	143,700	0.03
1,001 – 10,000	1,675	10,430,420	2.00
10,001 – 100,000	2,398	81,526,232	15.67
100,001 – 26,006,224	414	196,219,661	37.73
26,006,225 and above	4	231,800,980	44.57
Total	4,841	520,124,500	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 19 SEPTEMBER 2019

Name	Shareholdings	%
1. FoundPac Holdings Sdn. Bhd.	95,800,000	18.42
2. Kenanga Capital Sdn. Bhd. Qualifier: Pledged Securities Account For FoundPac Holdings Sdn. Bhd.	80,000,000	15.38
3. Lee Chun Wah	28,000,980	5.38
4. Tan Sin Khoon	28,000,000	5.38
5. Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for Citibank New York (Norges Bank 14)	12,763,700	2.45
6. Tokio Marine Life Insurance Malaysia Bhd. as Beneficial Owner (PF)	8,107,500	1.56
7. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for FoundPac Holdings Sdn. Bhd. (MP0441)	6,000,000	1.15
8. RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Rosmariah Binti Abd Manan	5,830,040	1.12
9. CIMB Group Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB Commerce Trustee Berhad-Maybank Smallcap Trust Fund	5,260,000	1.01
10. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Lee Cheng Chuan (LEE4666C)	5,086,600	0.98
11. UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund	3,406,800	0.66
12. Lee Chun Wah	3,233,620	0.62
13. Tan Cheik Eaik	2,800,000	0.54
14. Foong Wai Fong	2,791,900	0.54
15. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Lee Cheng Chuan (8057815)	2,243,600	0.43
16. CIMB Group Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	2,097,500	0.40
17. UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Strategic Fund	2,025,000	0.39

ANALYSIS OF SHAREHOLDINGS (CONT'D)



THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 19 SEPTEMBER 2019 (Cont'd)

Name	Shareholdings	%
18. RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ting Siew Pin (CEB)	2,000,000	0.38
19. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ng Wee Kean (7000571)	1,979,200	0.38
20. RHB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Foong Wai Fong	1,800,000	0.35
21. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Mak Tian Meng (MY3136)	1,600,000	0.31
22. Maybank Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Yeo An Thai	1,523,600	0.29
23. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ng Kok Weng (MY2166)	1,500,000	0.29
24. Kenanga Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Tan Eng Chuan	1,500,000	0.29
25. Yeoh Kean Beng	1,430,000	0.27
26. Yeoh Kean Beng	1,429,400	0.27
27. Lee Ming Ha	1,400,000	0.27
28. UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: UOB Asset Management (Malaysia) Berhad For Progressive Insurance Bhd. (Equity Pfolio 1)	1,400,000	0.27
29. Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account For Cheah Chee Leong (E-BCG)	1,386,900	0.27
30. Gurmit Singh A/L Shamir Singh	1,289,300	0.25

SUBSTANTIAL SHAREHOLDERS AS AT 19 SEPTEMBER 2019

Name	Direct No. of shares held	%	Indirect No. of shares held	%
1. FoundPac Holdings Sdn. Bhd.	181,800,000	34.95	-	-
2. Lee Chun Wah	31,234,600	6.01	181,800,000 ^(a)	34.95 ^(a)
3. Tan Sin Khoon	28,500,000	5.48	181,800,000 ^(a)	34.95 ^(a)
4. Ong Choon Heng	1,183,000	0.23	181,800,000 ^(a)	34.95 ^(a)

^{a)} Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") via FoundPac Holdings Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 19 SEPTEMBER 2019

Name	Direct No. of shares held	%	Indirect No. of shares held	%
1. Lee Chun Wah	31,234,600	6.01	181,800,000 ^(a)	34.95 ^(a)
2. Tan Sin Khoon	28,500,000	5.48	181,800,000 ^(a)	34.95 ^(a)
3. Ong Choon Heng	1,183,000	0.23	181,800,000 ^(a)	34.95 ^(a)
4. Tan Cheik Eaik	2,800,000	0.54	-	-
5. Chan Bee Cheng	420,000	0.08	-	-
6. Teoh Lay Fung	420,000	0.08	-	-

^{a)} Deemed interested pursuant to Section 8 of the Act via FoundPac Holdings Sdn. Bhd.

SHARE BUY-BACK STATEMENT

1. DISCLAIMER STATEMENT

This statement is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance, take no responsibilities for the contents of the Statement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

2. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY TO FOUNDPAC GROUP BERHAD ("FOUNDPAC" OR "THE COMPANY") TO PURCHASE ITS OWN ORDINARY SHARES ("SHARES") OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES AT ANY POINT OF TIME ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")

The rationale of the Proposed Renewal of Share Buy-Back Mandate, if implemented, are as follows:-

- (a) To enable the Company 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 Renewal of Share Buy-Back Mandate is to stabilise the market price of the Shares and to prevent against speculation of the Shares, when undervalued, to enhance investors' confidence;
- (b) Regardless if the Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Mandate ("Purchased Shares") are maintained as treasury shares or cancelled, the Proposed Renewal of Share Buy-Back Mandate, will result in a lower number of Shares being used for the purpose of computing the Earnings Per Share ("EPS"), in which will improve the EPS of FoundPac and may have a positive impact on the market price of FoundPac Shares; and
- (c) The Purchased Shares may be held as treasury shares and resold in the open market 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 and/or employees of the Company.

3. RETAINED PROFITS

Based on the audited financial statements of the Company as at 30 June 2019, the retained profits of the Company stood at RM576,666.

4. SOURCE OF FUNDING

The Proposed Renewal of Share Buy-Back Mandate will be financed by both internally generated fund and/or external borrowings. The maximum fund to be allocated by the Company shall not exceed the retained profits of the Company. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds and bank borrowings at the time of the purchase(s), actual number of FoundPac Shares to be purchased and other cost factors.

In the event external borrowings are used for the purchase of FoundPac Shares, the Board of Directors of the Company ("Board") will ensure that the Company has the capability to repay the borrowings and that such repayment will not have a material effect on the Company's cash flow. Any funds utilised by FoundPac for the Proposed Renewal of Share Buy-back Mandate will consequentially reduce the resources available to FoundPac for its operations by a corresponding amount for shares bought back.

SHARE BUY-BACK STATEMENT (CONT'D)

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Renewal of Share Buy-Back Mandate, none of the directors and substantial shareholders of FoundPac nor persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate and, if any, the resale of the treasury shares.

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders of FoundPac as at 19 September 2019, the effects of the Proposed Renewal of Share Buy-Back Mandate on the shareholdings of the directors and substantial shareholders of FoundPac are as follows:-

Directors	Before the Proposed Renewal of Share Buy-Back Mandate			After the Proposed Renewal of Share Buy-Back Mandate					
	As at the LPD			Minimum Scenario			Maximum Scenario		
	No. of Shares	% ^(a)	Indirect	No. of Shares	% ^(b)	Indirect	No. of Shares	% ^(c)	Indirect
Lee Chun Wah @	31,234,600	6.01	181,800,000 [^]	31,234,600	6.67	181,800,000 [^]	33,734,600	6.58	181,800,000 [^]
Tan Sin Khoon @	28,500,000	5.48	181,800,000 [^]	28,500,000	6.09	181,800,000 [^]	31,000,000	6.04	181,800,000 [^]
Ong Choon Heng @	1,183,000	0.23	181,800,000 [^]	1,183,000	0.25	181,800,000 [^]	3,683,000	0.72	181,800,000 [^]
Tan Cheik Eaik	2,800,000	0.54	-	2,800,000	0.60	-	3,800,000	0.74	-
Chan Bee Cheng	420,000	0.08	-	420,000	0.09	-	1,420,000	0.28	-
Teoh Lay Fung	420,000	0.08	-	420,000	0.09	-	1,420,000	0.28	-
Substantial Shareholder									
FoundPac Holdings Sdn. Bhd.	181,800,000	34.95		181,800,000	38.84		181,800,000	35.44	

Note:-

Minimum Scenario - Assuming none of the outstanding ESOS Options are exercised and FoundPac implements the Proposed Renewal of Share Buy-back Mandate in full.

Maximum Scenario - Assuming full exercise of the 52,012,400 ESOS Options (being 10% of the total number of issued shares of FoundPac) and FoundPac implements the Proposed Renewal of Share Buy-back Mandate in full.

SHARE BUY-BACK STATEMENT (CONT'D)

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM (Cont'd)

Note:- (Cont'd)

- (a) Based on existing total number of issued shares of 520,124,500 Ordinary Shares.
- (b) Based on the total number of issued shares of 468,112,050 Ordinary Shares without exercising of balance ESOS Options and Proposed Share Buy-Back is carried out in full and all the shares purchased are held as treasury shares.
- (c) Based on the total number of issued shares of 513,011,160 Ordinary Shares after full exercise of ESOS Options with the assumption that the Directors fully exercised their ESOS Options:-
 - Lee Chun Wah - 2,500,000 ESOS Options
 - Tan Sin Khoo - 2,500,000 ESOS Options
 - Ong Choon Heng - 2,500,000 ESOS Options
 - Tan Cheik Eaik - 1,000,000 ESOS Options
 - Chan Bee Cheng - 1,000,000 ESOS Options
 - Teoh Lay Fung - 1,000,000 ESOS Options

^ Deemed Interested pursuant to Section 8 of the Companies Act 2016 via FoundPac Holdings Sdn. Bhd.
@ Also Substantial Shareholder of the Company.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

6.1 Potential Advantages of the Proposed Renewal of Share Buy-Back Mandate

The potential advantages of the Proposed Renewal of Share Buy-Back Mandate are set out in Section 2 of this Statement.

6.2 Potential Disadvantages of the Proposed Renewal of Share Buy-Back Mandate

The potential disadvantages of the Proposed Renewal of Share Buy-Back Mandate are as follows:-

- (a) The Proposed Renewal of Share Buy-Back Mandate, if implemented, will reduce the financial resources of FoundPac and may result in FoundPac foregoing interest income and/or better investment opportunities that may emerge in the future; and
- (b) It would also result in reduction of financial resources available for distribution in the form of cash dividends to shareholders of FoundPac in the immediate future.

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

SHARE BUY-BACK STATEMENT (CONT'D)



7. MATERIAL FINANCIAL IMPACT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

The material financial effect of the Proposed Renewal of Share Buy-Back Mandate on the share capital, consolidated net assets ("NA"), working capital, earnings and EPS, dividends and the substantial shareholders' shareholdings in FoundPac are set out below:-

7.1 Share Capital

The effects of the Proposed Renewal of Share Buy-Back Mandate on the total number of issued shares of FoundPac are as follows:-

Minimum Scenario:

Assuming none of the balance ESOS Options are exercised and FoundPac implements the Proposed Renewal of Share Buy-Back Mandate in full.

	No. of Shares
As at 19 September 2019	520,124,500
Proposed Renewal of Share Buy-Back Mandate (assuming all Purchased Shares are held as treasury shares)	(52,012,450)
Total number of issued share after the Proposed Renewal of Share Buy-Back Mandate	468,112,050

Maximum Scenario:

Assuming full issuance and exercise of 52,012,400 ESOS Options (being 10% of the total number of issued shares of FoundPac) and FoundPac implements the Proposed Renewal of Share Buy-Back Mandate in full.

	No. of Shares
As at 19 September 2019	520,124,500
Shares to be issued pursuant to the ESOS (assuming full exercise of the ESOS Options of up to 10% of the total number of issued shares of FoundPac and net off 2,124,500 shares already issued pursuant to the ESOS as at 19 September 2019)	49,887,900
	570,012,400
Proposed Renewal of Share Buy-Back Mandate (assuming all Purchased Shares are held as treasury shares)	(57,001,240)
Total number of issued share after the Proposed Renewal of Share Buy-Back Mandate	513,011,160

The effect of the Proposed Renewal of Share Buy-Back Mandate 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 total number of issued share will be reduced by the number of Shares cancelled. Conversely, if the Purchased Shares are retained as treasury shares, resold or distributed to shareholders, the Proposed Renewal of Share Buy-Back Mandate will not have any effect on the total number of issued shares. However, while the Purchased Shares are held as treasury shares, the Companies Act 2016 states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including without limiting the generality of this provision, the provisions of any law or requirements of the Articles of Association/Constitution of the Company or the listing rules of a stock exchange on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

SHARE BUY-BACK STATEMENT (CONT'D)

7. MATERIAL FINANCIAL IMPACT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE (Cont'd)

7.2 NA

The effects of the Proposed Renewal of Share Buy-Back Mandate on NA of FoundPac Group Berhad and its subsidiaries ("FoundPac Group") would depend on the purchase price and number of Purchased Shares, the effective cost of funding, loss in interest income of the Company and the treatment of Purchased Shares.

If all the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Mandate will reduce the NA per Share if the purchase price exceed 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, 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 per Share will be reduced by the cost of the treasury shares.

7.3 Working Capital

The Proposed Renewal of Share Buy-Back Mandate, as and when implemented, will reduce the working capital and cash flows of 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 flows of FoundPac Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flows will depend on the actual selling price(s) of the treasury shares resold.

7.4 Earnings and EPS

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

If 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, the number of the treasury shares resold, and the effective gain or interest saving arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back Mandate will increase the EPS of 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 Mandate.

7.5 Dividends

Assuming the Proposed Renewal of Share Buy-Back Mandate is implemented in full, dividends would be paid on the remaining total number of issued shares of FoundPac (excluding the Shares already purchased). The Proposed Renewal of Share Buy-Back Mandate would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by FoundPac in the future would depend on, inter-alia, the profitability and cash flow position of FoundPac Group.

7.6 Substantial Shareholders

Share bought back by the Company under the Proposed Renewal of Share Buy-Back Mandate that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the substantial shareholders in the Company. Please refer to the Section 5 of this Statement for further details.

SHARE BUY-BACK STATEMENT (CONT'D)



8. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE RELATING TO THE RULES OF TAKEOVERS, MERGER AND COMPULSORY ACQUISITIONS (THE "RULES")

Based on the Company's total number of issued Shares and the current shareholdings of the substantial shareholders and/or parties acting in concert as at 19 September 2019, none of the substantial shareholders and/or parties acting in concert with them will be required to make a mandatory general offer in the event of the implementation of the Proposed Renewal of Share Buy-Back Mandate in full.

FoundPac has no intention for the Proposed Renewal of Share Buy-Back Mandate to be triggered the obligation to undertake a mandatory general offer under the Rules by any of its substantial shareholders and/or parties acting in concert with them. The Board will ensure that only such number of FoundPac Shares are purchased, retained as treasury shares or cancelled in the manner that the Rules will not be triggered.

The Board is aware of the requirements of the Rules and will be mindful of the requirements when making any purchase of FoundPac Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate.

9. PURCHASES, RESOLD, TRANSFER AND CANCELLATION MADE BY THE COMPANY OF ITS OWN SHARES IN THE PRECEDING TWELVE (12) MONTHS

There was no treasury share held and the Company had not purchased, resold, transferred or cancelled any Shares in the preceding twelve (12) months.

10. PROPOSED INTENTION OF THE DIRECTORS TO DEAL WITH THE SHARES SO PURCHASED

The Proposed Renewal of Share Buy-Back Mandate, if exercised, the shares shall be dealt with in the following manner:-

- to cancel the share so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the open market or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

SHARE BUY-BACK STATEMENT (CONT'D)

11. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of FoundPac Share traded on Bursa Securities for the preceding twelve (12) months are as follows:-

	High RM	Low RM
2018		
September	0.330	0.257
October	0.325	0.218
November	0.267	0.218
December	0.233	0.199
2019		
January	0.271	0.199
February	0.305	0.267
March	0.339	0.285
April	0.390	0.325
May	0.390	0.305
June	0.340	0.300
July	0.365	0.325
August	0.375	0.305

Last transacted market price as at 19 September 2019 (being the latest practical date prior to the printing of this Statement) was RM 0.415.

(Source: Bloomberg)

12. PUBLIC SHAREHOLDING SPREAD

As at 19 September 2019, the public shareholdings spread of the Company was approximately 52.63%. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of FoundPac shall not fall below 25% of the total number of issue share capital of the Company (excluding treasury shares) at all time pursuant to the Proposed Renewal of Share Buy-Back Mandate, in accordance with Para 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements.

13. DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Renewal of Share Buy-Back Mandate described above is in the best interest of the Company.

14. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Annual General Meeting to give effect to the Proposed Renewal of Share Buy-Back Mandate.

SHARE BUY-BACK STATEMENT (CONT'D)



15 RESPONSIBILITY STATEMENT

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

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of following documents will be available for inspection at the registered office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang during normal office hours from Monday to Friday (except for public holiday) from the date of this Statement up to and including the date of the forthcoming Annual General Meeting:-

- I. Memorandum and Articles of Association of FoundPac; and
- II. The audited financial statements of FoundPac for the past two (2) financial years ended 30 June 2018 and 30 June 2019 respectively.

17. FURTHER INFORMATION

There is no other information concerning the Proposed Renewal of Share Buy-Back Mandate as shareholders and other professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Mandate and the extent of the risks involved in doing so.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Tuesday, 19 November 2019 at 9.00 a.m. for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements of the Company for the year ended 30 June 2019 together with the Reports of the Directors and of the Auditors thereon. *(Please refer to Note A)*
2. To approve the payment of Directors' Fee of up to RM130,000/- for the period from December 1, 2019 until the next Annual General Meeting of the Company. *(Resolution 1)*
3. To approve the other benefits (excluding Directors' Fee) payable to Non-Executive Director of up to RM248,000/- for the period from December 1, 2019 until the next Annual General Meeting of the Company. *(Resolution 2)*
4. To re-elect the following Directors retiring under the respective provision of the Articles of Association of the Company and who, being eligible offer themselves for re-election:-
 - a. Mr. Lee Chun Wah Article 97(1) *(Resolution 3)*
 - b. Mr. Tan Cheik Eaik Article 97(1) *(Resolution 4)*
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 5)*

SPECIAL BUSINESSES

6. To consider and if thought fit, to pass the following resolutions:-

Ordinary Resolutions

- a) Authority to Issue Shares *(Resolution 6)*

"That pursuant to Companies Act 2016 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."
- b) Renewal of Authority to Purchase its Own Shares *(Resolution 7)*

"That subject to the Companies Act 2016, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

 - i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total issued shares of the Company at any point in time;
 - ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company. As at the latest financial year ended 30 June, 2019, the audited retained profits of the Company is RM576,666/-;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)



A G E N D A

SPECIAL BUSINESSES (Cont'd)

6. To consider and if thought fit, to pass the following resolutions:- (Cont'd)

Ordinary Resolutions (Cont'd)

- b) Renewal of Authority to Purchase its Own Shares (Cont'd)

(Resolution 7)

- iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next Annual General Meeting is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
- to cancel the shares so purchased; or
 - to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
 - retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act 2016, provisions of the Company's M&A, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

7. **Special Resolution**

Proposed Adoption of New Constitution of the Company

(Special
Resolution 1)

"THAT approval be and is hereby given to alter or amend the whole of the existing Memorandum and Articles of Association of the Company by the replacement of its entirety with a new Constitution of the Company as set out in Appendix A with immediate effect AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board
HOW WEE LING (MAICSA 7033850)
OOI EAN HOON (MAICSA 7057078)
Secretaries

Penang
21 October 2019

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:-

- A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.
- B. For the purpose of determining a member who shall be entitled to attend and vote at this 4th Annual General Meeting (4th AGM"), the Company shall be requesting the Record of Depositors as at 12 November 2019. Only a depositor whose name appears on the Record of Depositors as at 12 November 2019 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:-

1. 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.
2. 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.
3. 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.
4. 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.

Explanatory Note On Special Businesses:-

1. Authority to issue Shares

The proposed Resolution No. 6 [Item 6(a)], if passed, will grant a new general mandate (Mandate 2019) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Mandate 2019 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Third Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

2. Renewal of Authority to purchase its Own Shares

The proposed Ordinary Resolution No. 7 [Item 6(b)], if passed, will give the Company the authority to purchase its own ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first. For further information on the Renewal of Authority to purchase its Own Shares, please refer to the Share Buy-back Statement set out in the Annual Report 2019.

3. Proposed Adoption of New Constitution of the Company

The proposed amendments to the existing Memorandum and Articles of Association of the Company (Proposed Amendments) are made mainly for the following purposes:-

- (a) To ensure compliance with the amended Main Market Listing Requirements of Bursa Securities which was issued on 29 November 2017; and
- (b) To provide clarity and consistency with the amendments that arise from the Companies Act, 2016 effective 31 January 2017.

In view of the substantial amount of Proposed Amendments, the Board proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the Proposed Amendments as set out in Appendix A, circulated together with the Notice of 4th AGM dated 21 October 2019. Such Proposed Special Resolution 1, shall take effect once it has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 4th AGM.



PROXY FORM

No. of ordinary shares held		CDS Account No.	
Contact No.		Email Address	

I/We _____ (*NRIC No./Company No. _____)
of _____
_____ being a *Member/Members of FOUNDPAC GROUP BERHAD hereby appoint
(Proxy 1) _____ (*NRIC No./Passport No. _____)
of _____ and*/ or failing him*
(Proxy 2) _____ (*NRIC No./Passport No. _____)
of _____ and*/or failing him*,
the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Etoile Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Tuesday, 19 November 2019 at 9.00 a.m. and/or, at every adjournment thereof to vote as indicated below:-

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

Proxy 1	- _____ %	In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on my/our behalf.
Proxy 2	- _____ %	
	<u>100%</u>	

* 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)

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fee of up to RM130,000/- for the period from December 1, 2019 until the next Annual General Meeting of the Company.		
2.	To approve the other benefits (excluding Directors' Fee) payable to Non-Executive Director of up to RM248,000 for the period from December 1, 2019 until the next Annual General Meeting of the Company.		
	To re-elect the following Directors retiring under the respective provision of the Articles of Association of the Company and who, being eligible offer themselves for re-election:-		
3.	Mr. Lee Chun Wah (Article 97(1))		
4.	Mr. Tan Cheik Eaik (Article 97(1))		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	To pass the following resolutions as Special Businesses:-		
	Ordinary Resolutions		
6.	Authority to Issue Shares.		
7.	Renewal of Authority to Purchase its Own Shares.		
8.	Special Resolution		
	Proposed Adoption of New Constitution of the Company.		

Signature of Shareholder(s)

Signed this day of....., 2019

Notes:-

For the purpose of determining a member who shall be entitled to attend and vote at this 4th Annual General Meeting, the Company shall be requesting the Record of Depositors as at 12 November 2019. Only a depositor whose name appears on the Record of Depositors as at 12 November 2019 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:-

- 1) 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.
- 2) 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.
- 3) 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.
- 4) 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 Secretaries
FOUNDPAC GROUP BERHAD
57-G Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang

1st fold here

FoundPac Group Berhad (1165946-H)

Plot 35, Hilir Sungai Keluang 2
Bayan Lepas Industrial Estate, Non-Free Industrial Zone Phase IV
11900 Bayan Lepas, Penang, Malaysia
T : +604-630 9336 **F** : +604-630 9333 **E** : corporate@foundpac.com

www.foundpac.com