

CIRCULAR DATED 13 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your shares in the capital of Innopac Holdings Limited (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the Proxy Form enclosed herewith immediately to the purchaser or the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to such purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



CIRCULAR TO SHAREHOLDERS

in relation to

- (A) **THE PROPOSED ADOPTION OF THE INNOPAC EMPLOYEE SHARE OPTION SCHEME 2017;**
- (B) **THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE INNOPAC EMPLOYEE SHARE OPTION SCHEME 2017; AND**
- (C) **THE PROPOSED ADOPTION OF THE INNOPAC PERFORMANCE SHARE PLAN 2017**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form : 26 April 2017 at 11.00 a.m.

Date and time of Extraordinary General Meeting : 28 April 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)

Place of Extraordinary General Meeting : Ibis Singapore On Bencoolen,
Level 1 Jasmine 1 & 2,
170 Bencoolen Street,
Singapore 189657

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “AGM”** : The annual general meeting of the Company to be held on 28 April 2017 at Ibis Singapore On Bencoolen, Level 1 Jasmine 1 & 2, 170 Bencoolen Street, Singapore 189657 at 10.00 a.m.
- “Associate”** : (a) In relation to any Director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Associated Companies”** : A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and in which the Company exercises effective Control
- “Auditors”** : The auditors of the Company as appointed from time to time
- “Award”** : A contingent award of Shares granted pursuant to the rules of the Innopac PSP 2017
- “Board”** : The board of Directors of the Company as at the date of this Circular
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 13 April 2017
- “Committee”** : The Remuneration Committee of the Company, or such other committee comprising Directors duly authorised and appointed by the Board to administer the Innopac ESOS 2017 and the Innopac PSP 2017
- “Company”** : Innopac Holdings Limited
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
- “Condition”** : One or more performance or service related conditions prescribed by the Committee to be satisfied before an Award vests
- “Constitution”** : The constitution of the Company, as may be amended, modified or supplemented from time to time

“Control”	: The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	: A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings (the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder); or (b) in fact exercises Control over the Company
“Date of Grant”	: (In relation to an Option) the date on which an Option is granted to a Participant pursuant to the Innopac ESOS 2017, or (in relation to an Award) the date on which an Award is granted to a Participant pursuant to the Innopac PSP 2017
“Directors”	: The directors of the Company
“EGM”	: The extraordinary general meeting of the Company to be held on 28 April 2017, notice of which is set out on pages 31 and 32 of this Circular
“EPS”	: Earnings per Share
“Exercise Price”	: The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with the rules of the Innopac ESOS 2017
“Group”	: The Company, its Subsidiaries and its Associated Companies, collectively
“Group Employee”	: Any employee of the Company, its Subsidiaries and/or Associated Companies, as the case may be, (including any Group Executive Director) selected by the Committee to participate in the Innopac ESOS 2017 and/or the Innopac PSP 2017 in accordance with the rules thereof
“Group Executive Director”	: A Director of the Company, its Subsidiaries and/or Associated Companies, as the case may be, who performs an executive function
“Independent Director”	: An independent director of the Company
“Independent Shareholders”	: Shareholders other than those Shareholders who are entitled to participate in the Innopac ESOS 2017 and the Innopac PSP 2017
“Innopac ESOS 2017”	: The proposed employee share option scheme, as the same may be amended or modified from time to time
“Innopac Performance Share Scheme 2005”	: The Innopac Performance Share Scheme approved by the Shareholders at an extraordinary general meeting of the Company held on 29 April 2005 and which expired on 28 April 2015
“Innopac PSP 2017”	: The proposed performance share plan, as the same may be amended or modified from time to time
“Innopac Share Option Scheme 2005”	: The Innopac Share Option Scheme approved by the Shareholders at an extraordinary general meeting of the Company held on 29 April 2005 and which expired on 28 April 2015
“Latest Practicable Date”	: 5 April 2017, being the latest practicable date prior to the printing of this Circular for ascertaining information included herein

“Listing Manual”	: The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Market Price”	: A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Market Days immediately preceding the Date of Grant of an Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to a maximum of three decimal places in the event of fractional prices, provided that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded
“New Shares”	: The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the Innopac ESOS 2017 and/or pursuant to the vesting of Awards granted under the Innopac PSP 2017, as the case may be
“Non-Executive Directors”	: A Director of the Company, its Subsidiaries and/or Associated Companies, as the case may be, other than Group Executive Directors and including the Independent Directors, who does not perform an executive function within the Group
“Notice of EGM”	: The notice of EGM as set out on pages 31 and 32 of this Circular
“NTA”	: Net tangible assets
“Option”	: The right to subscribe for Shares granted pursuant to the rules of the Innopac ESOS 2017
“Participant”	: A person who is selected by the Committee to participate in the Innopac ESOS 2017 and/or the Innopac PSP 2017, as the case may be, in accordance with the respective rules thereof
“Record Date”	: The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“SFRS”	: Singapore Financial Reporting Standards
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose securities accounts are credited with the Shares
“Shares”	: Ordinary shares in the capital of the Company
“Subsidiary”	: A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
“S\$”	: Singapore dollars
“%”	: Per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The term “**treasury share**” shall have the meaning ascribed to it in the Companies Act.

The term “**subsidiary holdings**” shall have the meaning ascribed to it in the Listing Manual.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

Words importing persons include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act or any statutory modification thereof, as the case may be.

Any discrepancies in tables included in this Circular between the amounts listed and the totals thereof are due to rounding. All percentages included in this Circular are rounded to the nearest 2 decimal places. Accordingly, figures shown as totals or percentages in this Circular may not be an arithmetic aggregation of the figures that precede them.

INNOPAC HOLDINGS LIMITED

(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

Directors:

Dato' Moehamad Izat Emir (*Chairman*)
Wong Chin Yong (*Chief Executive Officer & Managing Director*)
Ong Kah Hock (*Independent Director*)
Arslan Koichiev (*Independent Director*)
Yang Kiin (*Independent Director*)
Bernard Ong Kheng Chye (*Independent Director*)

Registered Office:

190 Middle Road
#19-07 Fortune Centre
Singapore 188979

13 April 2017

To: The Shareholders of Innopac Holdings Limited

Dear Sir/Madam

- (A) **THE PROPOSED ADOPTION OF THE INNOPAC EMPLOYEE SHARE OPTION SCHEME 2017;**
- (B) **THE PROPOSED GRANT OF OPTIONS AT A DISCOUNT UNDER THE INNOPAC EMPLOYEE SHARE OPTION SCHEME 2017; AND**
- (C) **THE PROPOSED ADOPTION OF THE INNOPAC PERFORMANCE SHARE PLAN 2017**

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Directors are convening an EGM to be held on 28 April 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM scheduled to be held at 10.00 a.m. on the same day and at the same place) to seek Shareholders' approval for the following:

- (a) the proposed adoption of the Innopac ESOS 2017;
- (b) the proposed grant of Options at a discount under the Innopac ESOS 2017; and
- (c) the proposed adoption of the Innopac PSP 2017,

(collectively, the "**Proposals**").

Shareholders should note that the proposed grant of Options at a discount under the Innopac ESOS 2017 is conditional upon the passing of the ordinary resolution relating to the proposed adoption of the Innopac ESOS 2017. In the event that the ordinary resolution relating to the proposed adoption of the Innopac ESOS 2017 is not passed, the ordinary resolution relating to the proposed grant of Options at a discount under the Innopac ESOS 2017 will also not be passed.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the Proposals to be tabled at the EGM and to seek Shareholders' approval in relation thereto at the EGM. The Notice of EGM is set out on pages 31 and 32 of this Circular.

This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

1.3 Listing of New Shares

The SGX-ST had on 7 April 2017 granted in-principle approval for the listing of and quotation for the New Shares to be allotted and issued pursuant to the Innopac ESOS 2017 and the Innopac PSP 2017, subject to separate Independent Shareholders' approval being obtained for the adoption of each of the Innopac ESOS 2017 and the Innopac PSP 2017, and the Company's compliance with the SGX-ST's listing requirements and guidelines.

Such in-principle approval, and the admission to, and quotation of the New Shares on the Official List of the SGX-ST is not to be taken as an indication of the merits of the Innopac ESOS 2017, the Innopac PSP 2017, the New Shares, the Company and/or its Subsidiaries.

2. PREVIOUS SHARE SCHEMES OF THE COMPANY

2.1 Innopac Share Option Scheme 2005

The Innopac Share Option Scheme 2005 was adopted at an extraordinary general meeting of the Company held on 29 April 2005. The duration of the Innopac Share Option Scheme 2005 was 10 years commencing on 29 April 2005. The Innopac Share Option Scheme 2005 has accordingly expired on 28 April 2015. The expiry of the Innopac Share Option Scheme 2005 does not affect any options which have been granted thereunder, regardless of whether such options have been exercised (whether fully or partially).

Details of the options granted under the Innopac Share Option Scheme 2005 to the Directors and employees of the Group, since the commencement of the Innopac Share Option Scheme 2005, are as follows:

Date of Grant	Number of Participants⁽¹⁾	Aggregate number of Shares pursuant to which options were granted under the Innopac Share Option Scheme 2005⁽²⁾	Aggregate number of Shares allotted and issued upon the exercise of the options granted under the Innopac Share Option Scheme 2005
23 May 2008	13	29,600,000	22,500,000
28 April 2015	11	95,000,000	Nil
Total	24	124,600,000	22,500,000

Notes:

- (1) Such participants being Directors and employees of the Group as at the date of the options granted pursuant to the Innopac Share Option Scheme 2005.
- (2) Including options granted pursuant to the Innopac Share Option Scheme 2005 which remain outstanding and unexercised as at the Latest Practicable Date.

Since the commencement of the Innopac Share Option Scheme 2005, an aggregate of 22,500,000 Shares, representing approximately 0.50% of the total number of issued Shares as at the Latest Practicable Date, were allotted and issued pursuant to the exercise of the options granted under the Innopac Share Option Scheme 2005.

As at the Latest Practicable Date, there were outstanding and unexercised options granted to participants under the Innopac Share Option Scheme 2005 to subscribe for up to 91,500,000 Shares, representing approximately 2.05% of the total number of issued Shares as at the Latest Practicable Date.

Details of the options granted under the Innopac Share Option Scheme 2005 which are outstanding and unexercised as at the Latest Practicable Date are as follows:

Date of Grant	Exercise Period	Exercise Price (S\$)	Number of Shares comprised in unexercised options granted under the Innopac Share Option Scheme 2005	Number of participants
28 April 2015	28 April 2016 to 27 April 2025	0.008	69,500,000	6
28 April 2015	28 April 2016 to 27 April 2020	0.008	22,000,000	3
Total			91,500,000	9

Details of the options granted under the Innopac Share Option Scheme 2005 to Directors of the Company, since the commencement of the Innopac Share Option Scheme 2005, are as follows:

Date of Grant	Name of Director	Exercise Period	Exercise Price (S\$)	Aggregate number of Shares pursuant to which options were granted under the Innopac Share Option Scheme 2005 ⁽²⁾	Aggregate number of Shares allotted and issued upon the exercise of the options granted under the Innopac Share Option Scheme 2005	Aggregate number of Shares comprised in unexercised options granted under the Innopac Share Option Scheme 2005
23 May 2008	Wong Chin Yong	23 May 2009 to 22 May 2018	0.025	10,000,000	10,000,000	Nil
23 May 2008	Dato' Moehamad Izat Emir	23 May 2009 to 22 May 2013	0.025	5,000,000	5,000,000	Nil
23 May 2008	Ong Kah Hock	23 May 2009 to 22 May 2013	0.025	2,500,000	2,500,000	Nil
23 May 2008	Md Abdul Wahab bin Md Shahir ⁽¹⁾	23 May 2009 to 22 May 2013	0.025	1,000,000	Nil	Nil
23 May 2008	Koay Theam Hock ⁽¹⁾	23 May 2009 to 22 May 2013	0.025	500,000	Nil	Nil
28 April 2015	Wong Chin Yong	28 April 2016 to 27 April 2025	0.008	50,000,000	Nil	50,000,000
28 April 2015	Dato' Moehamad Izat Emir	28 April 2016 to 27 April 2020	0.008	10,000,000	Nil	10,000,000
28 April 2015	Ong Kah Hock	28 April 2016 to 27 April 2020	0.008	10,000,000	Nil	10,000,000
28 April 2015	Arslan Koichiev	28 April 2016 to 27 April 2020	0.008	2,000,000	Nil	2,000,000
28 April 2015	Jeremy Dyer ⁽¹⁾	28 April 2016 to 27 April 2020	0.008	2,000,000	Nil	Nil
Total				93,000,000	17,500,000	72,000,000

Notes:

- (1) Former Directors who were granted options under the Innopac Share Option Scheme 2005 when they were Directors. As at the date of this Circular, all of them have stepped down from the Board.
- (2) Including options granted pursuant to the Innopac Share Option Scheme 2005 which remain outstanding and unexercised as at the Latest Practicable Date.

As at the Latest Practicable Date, an aggregate of 17,500,000 Shares, representing approximately 0.39% of the total number of issued Shares as at the Latest Practicable Date, were allotted and issued to the Directors pursuant to their exercise of the options granted under the Innopac Share Option Scheme 2005. Assuming all the outstanding options are exercised by the Directors, an aggregate of 89,500,000 Shares, including those Shares already allotted and issued to the Directors, representing approximately 2.01% of the total number of issued Shares as at the Latest Practicable Date, would be allotted and issued to the Directors.

Controlling Shareholders and their Associates were not eligible to participate in the Innopac Share Option Scheme 2005. No options were therefore granted to Controlling Shareholders or the Associates of such Controlling Shareholders under the Innopac Share Option Scheme 2005.

Under the Innopac Share Option Scheme 2005, any person who had Shares allotted and issued to him pursuant to his exercise of the option granted under the Innopac Share Option Scheme 2005 shall not sell, realise, dispose of or transfer any part of such shareholding for a period of 3 months from the date on which such Shares are allotted and issued to him on the exercise of an option. Save for this moratorium to be observed, the options granted under the Innopac Share Option Scheme 2005, including those outstanding and unexercised, are not subject to any other material conditions.

2.2 Innopac Performance Share Scheme 2005

The Innopac Performance Share Scheme 2005 was adopted at an extraordinary general meeting of the Company held on 29 April 2005. The duration of the Innopac Performance Share Scheme 2005 was 10 years commencing on 29 April 2005. The Innopac Performance Share Scheme 2005 has accordingly expired on 28 April 2015. The expiry of the Innopac Performance Share Scheme 2005 does not affect any awards which have been granted thereunder.

Details of the awards granted under the Innopac Performance Share Scheme 2005 to the Directors and employees of the Group, since the commencement of the Innopac Performance Share Scheme 2005, are as follows:

Date of Grant	Number of Participants⁽¹⁾	Aggregate number of Shares comprised in awards granted under the Innopac Performance Share Scheme 2005⁽²⁾	Aggregate number of Shares allotted and issued upon the vesting of the awards granted under the Innopac Performance Share Scheme 2005
28 April 2015	11	95,000,000	64,000,000
Total	11	95,000,000	64,000,000

Notes:

- (1) Such participants being Directors and employees of the Group as at the date of the awards granted pursuant to the Innopac Performance Share Scheme 2005.
- (2) Including awards granted pursuant to the Innopac Performance Share Scheme 2005 which had lapsed or remain outstanding as at the Latest Practicable Date.

Since the commencement of the Innopac Performance Share Scheme 2005, an aggregate of 64,000,000 Shares, representing approximately 1.43% of the total number of issued Shares as at the Latest Practicable Date, were allotted and issued pursuant to the vesting of the awards granted under the Innopac Performance Share Scheme 2005.

As at the Latest Practicable Date, an award comprising a balance of 30,000,000 Shares, representing approximately 0.67% of the total number of issued Shares as at the Latest Practicable Date, granted under the Innopac Performance Share Scheme 2005 remains outstanding and details of which are as follows:

Date of Grant	Number of Shares comprised in awards granted under the Innopac Performance Share Scheme 2005 which are outstanding	Number of participants
28 April 2015	30,000,000	1
Total:	30,000,000	1

Details of the awards granted under the Innopac Performance Share Scheme 2005 to Directors of the Company, since the commencement of the Innopac Performance Share Scheme 2005, are as follows:

Date of Grant	Name of Director	Aggregate number of Shares comprised in awards granted under the Innopac Performance Share Scheme 2005⁽¹⁾	Aggregate number of Shares allotted and issued upon the vesting of the awards granted under the Innopac Performance Share Scheme 2005	Aggregate number of Shares comprised in awards granted under the Innopac Performance Share Scheme 2005 which are outstanding
28 April 2015	Wong Chin Yong	50,000,000	20,000,000	30,000,000
28 April 2015	Dato' Moehamad Izat Emir	15,000,000	15,000,000	Nil
28 April 2015	Ong Kah Hock	15,000,000	15,000,000	Nil
28 April 2015	Arslan Koichiev	2,000,000	2,000,000	Nil
28 April 2015	Jeremy Dyer ⁽²⁾	2,000,000	2,000,000	Nil
Total		84,000,000	54,000,000	30,000,000

Notes:

- (1) Including awards granted pursuant to the Innopac Performance Share Scheme 2005 which remain outstanding as at the Latest Practicable Date.
- (2) Jeremy Dyer was granted an award under the Innopac Performance Share Scheme 2005 when he was a Director of the Company. As at the date of this Circular, he has stepped down from the Board.

As at the Latest Practicable Date, an aggregate of 54,000,000 Shares, representing approximately 1.21% of the total number of issued Shares as at the Latest Practicable Date, were allotted and issued to the Directors pursuant to the vesting of awards under the Innopac Performance Share Scheme 2005. Assuming all the awards remaining outstanding as at the Latest Practicable Date are vested in full, an aggregate of 84,000,000 Shares, including those Shares already allotted and issued to the Directors, representing approximately 1.88% of the total number of issued Shares as at the Latest Practicable Date, would be allotted and issued to the Directors.

Controlling Shareholders and their Associates were not eligible to participate in the Innopac Performance Share Scheme 2005. No awards were therefore granted to Controlling Shareholders or the Associates of such Controlling Shareholders under the Innopac Performance Share Scheme 2005.

Under the Innopac Performance Share Scheme 2005, any person who had Shares allotted and issued to him pursuant to the vesting of an award under the Innopac Performance Share Scheme 2005 shall not sell, realise, dispose of or transfer any part of such shareholding for a period of 3 months from the date on which such Shares are allotted and issued to him upon the vesting of an award. Save for this moratorium to be observed, the awards granted under the Innopac Performance Share Scheme 2005, including those outstanding, are not subject to any other material conditions.

3. THE PROPOSED INNOPAC ESOS 2017

The Board is proposing to implement a new employee share option scheme to be named the “Innopac Employee Share Option Scheme 2017”.

The following is a summary of the principal terms of the Innopac ESOS 2017 and is qualified in its entirety by reference to the more detailed information in the rules of the Innopac ESOS 2017, a copy of which is available for inspection at the registered office of the Company from the date of this Circular up to and including the date of the EGM.

3.1 Eligibility

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the Innopac ESOS 2017:

- (a) Group Employees (including Group Executive Directors); and
- (b) Non-Executive Directors (including Independent Directors),

provided that on the Date of Grant, such person has attained the age of 21 years and is not an undischarged bankrupt and has not entered into a composition with his creditors.

The Board is of the view that the participation by the Non-Executive Directors in the Innopac ESOS 2017 will not compromise their independent status as it is envisaged that the Options granted to Non-Executive Directors (including Independent Directors) will not comprise (whether on an individual or collective basis) a significant portion of the Options available under the Innopac ESOS 2017. Please refer to paragraph 6 of this Circular for the rationale for allowing Non-Executive Directors to participate in the Innopac ESOS 2017.

Subject to the absolute discretion of the Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Innopac ESOS 2017, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Option to any of them may only be effected with the specific prior approval of independent Shareholders in a general meeting by a separate resolution.

As at the Latest Practicable Date, the Company does not have any Controlling Shareholders. It is, nevertheless, the intention of the Company to extend the Innopac ESOS 2017 to include any Controlling Shareholders or their Associates who may arise in the future and who may be Group Employees or Directors. Subject to the absolute discretion of the Committee and prior to any grant of an Option to any Controlling Shareholder or their Associates, the Company will seek approval from its independent Shareholders for the participation of such person in the Innopac ESOS 2017 and/or the grant of an Option to such person.

There shall be no restriction on the eligibility of any Participants to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or any other companies within the Group, provided that the Participant is eligible to participate in such other share option or share incentive scheme in accordance to its respective rules and provisions.

3.2 Entitlement of Participants to Options

An Option represents the right of a Participant to subscribe for and/or acquire Shares which are the subject of the Option, in consideration for the Exercise Price to be paid upon its exercise.

Subject to limitations under the rules of the Innopac ESOS 2017, the selection of a Participant and the number of Shares over which an Option may be granted to each Participant shall be determined at the absolute discretion of the Committee, taking into account criteria including but not limited to his rank, job performance, years of service, potential development of the Participant and his contribution to the success and development of the Group.

The Company has the flexibility to grant Options under the Innopac ESOS 2017 as well as Awards under the Innopac PSP 2017 to the same Participant, whether simultaneously or otherwise. The Committee may also, subject to the rules of the Innopac ESOS 2017, grant an Option at any time, where in its opinion, a Participant's performance and/or contribution justified the grant of such an Option.

Options are personal to the Participant to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Participant's duly appointed personal representative in the event of the death of such Participant.

3.3 Acceptance of the Options

An Option offered to a Participant shall be accepted by the Participant within 30 days after the Date of Grant and not later than 5.00 p.m. on the 30th day of such Date of Grant and the Participant remains eligible to participate in the Innopac ESOS 2017 on the date of such acceptance. Offers of Options made to Participants will lapse, if they are not accepted before the closing date. Upon acceptance of the offer, the Participant must complete and furnish to the Committee the relevant form of acceptance together with a cash consideration of S\$1.00.

3.4 Size of the Innopac ESOS 2017

In compliance with the Listing Manual, the aggregate number of Shares over which Options may be granted on any date under the Innopac ESOS 2017, when added to the number of New Shares issued or issuable and/or existing Shares transferred or transferable in respect of:

- (a) all Options granted under the Innopac ESOS 2017;
- (b) all Awards granted under the Innopac PSP 2017; and
- (c) all Shares, options or awards granted under any other share scheme of the Company then in force (if any),

shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the relevant Date of Grant.

For illustrative purposes, based on the issued share capital of the Company of 4,460,750,145 Shares as at the Latest Practicable Date, the maximum number of Shares which may be issued and/or delivered by the Company in connection with the Innopac ESOS 2017 and the Innopac PSP 2017 collectively and in respect of all options or awards granted under any other share option schemes or share schemes of the Company is 669,112,521 Shares.

Furthermore, the aggregate number of Shares over which Options may be granted under the Innopac ESOS 2017 to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Innopac ESOS 2017 and the number of Shares over which Options may be granted to each Controlling Shareholder or his Associate under the Innopac ESOS 2017 shall not exceed 10% of the Shares available under the Innopac ESOS 2017.

3.5 Duration of the Innopac ESOS 2017

The Innopac ESOS 2017 shall continue in force at the absolute discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Innopac ESOS 2017 is adopted by Shareholders in general meeting, provided that the Innopac ESOS 2017 may continue beyond the aforesaid period of time with approval of Shareholders in general

meeting and of any relevant authorities which may then be required. The Innopac ESOS 2017 may also be terminated at any time by the Committee or with approval of Shareholders in general meeting subject to all other relevant approvals which may then be required.

3.6 Exercise Price of Options

Subject to adjustments under the rules of the Innopac ESOS 2017, the Exercise Price for the Shares in respect of which an Option is exercisable shall be fixed by the Committee on the Date of Grant, in its absolute discretion, at:

- (a) a price equal to or higher than the Market Price; or
- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price and is approved by Shareholders in a general meeting in a separate resolution.

In determining whether to give a discount and the quantum of such discount in respect of the Exercise Price, the Committee may take into account factors such as the performance of the Company and/or the Group, years of service and individual performance of the Participant, his contribution to the success and development of the Group, and prevailing market and economic conditions.

3.7 Grant of Options at a Discounted Exercise Price

Under the Innopac ESOS 2017, the Exercise Price of the Options granted will be determined by the Committee. The Committee has the absolute discretion to grant Options at a discounted Exercise Price. In the event that Options are granted at a discount, the discount shall not exceed 20% of the Market Price.

The ability to offer Options at a discount to the Market Price of the Shares will give the Company flexibility in structuring the Options granted, and ensures that the Company maintains the competitiveness of its compensation strategy. The Company may utilise the Options as a means to reward Participants for their outstanding performance and to motivate them to continue to excel, as well as attract new talent for the Company. Being able to grant Options at a discount allows the Company to acknowledge a Participant's contributions where such means is more meaningful than paying a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at the Market Price. This serves as an additional method available to the Company for compensating employees other than through salaries, salary increments and cash bonuses as it enables the Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn create better value for the Shareholders.

Options granted at a discount under the Innopac ESOS 2017 can be exercised no earlier than 2 years after grant, as compared to 1 year for those granted at a price equal to or higher than the Market Price. This is to encourage holders of such Options to be more long-sighted, thereby promoting staff and executive retention and reinforcing their commitment to the Group.

The Company also believes that the maximum discount of 20% to the Market Price of the Shares is sufficient to allow for flexibility in the structuring of the Options, and would also minimise the potential dilutive effect to the Shareholders arising from the Innopac ESOS 2017.

The Committee will determine on a case-by-case basis whether a discount will be given and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by the Company and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another subject to a maximum discount of 20% to the Market Price in respect of that Option.

Pursuant to Rule 845(5) of the Listing Manual, the proposed grant of Options at a maximum discount of 20% to the Market Price of the Shares has been set out in a separate resolution for Shareholders' approval.

3.8 Exercise Period of Options

An Option granted with the Exercise Price set at a price equal to or higher than the Market Price shall be exercisable 1 year after the relevant Date of Grant. An Option with the Exercise Price set at a discount to the Market Price shall be exercisable at a date no earlier than 2 years after the relevant Date of Grant. The validity period of Options will be subject to prevailing rules of the Innopac ESOS 2017 applicable on the relevant Date of Grant. Based on the proposed rules of the Innopac ESOS 2017 as at the Latest Practicable Date, Options granted to Group Employees will cease to be exercisable after the 10th anniversary of the relevant Date of Grant, whereas Options granted to Non-Executive Directors will cease to be exercisable after the 5th anniversary of the relevant Date of Grant.

Special provisions relating to the lapsing or earlier exercise of Options apply in certain circumstances, including the following:

- (a) the termination of the employment of a Participant;
- (b) the misconduct of a Participant;
- (c) the bankruptcy of a Participant;
- (d) ill health, injury or disability of a Participant;
- (e) *bona fide* redundancy of a Participant;
- (f) retirement at or after the legal retirement age of a Participant; and
- (g) a takeover, winding-up (not on basis of insolvency) or reconstruction of the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (a) and (b) above, an Option then held by a Participant shall, subject as provided in the Innopac ESOS 2017 and to the extent unexercised, immediately lapse without any claim whatsoever against the Company and/or the Group.

Upon the occurrence of any of the events specified in sub-paragraphs (c) to (f) above, an Option then held by a Participant shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company and/or the Group, unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may, among others, determine the number of Shares comprised in that Option which may be exercised and the period during which such Option shall be exercisable.

Upon the occurrence of any of the events specified in sub-paragraph (g) above, an Option then held by a Participant may be exercised within certain fixed periods specified in the rules of the Innopac ESOS 2017.

3.9 Operation of the Innopac ESOS 2017

Subject to prevailing legislation and the rules of the Listing Manual, the Company, in its sole and absolute discretion, will deliver Shares to Participants in relation to an exercise of an Option, by way of:

- (a) an allotment and issue of New Shares; and/or
- (b) a transfer of existing Shares, including any treasury shares held by the Company (if any).

In determining whether to allot and issue New Shares or to deliver existing Shares to the Participants upon the exercise of the Options, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing New Shares or purchasing existing Shares.

New Shares allotted and issued or existing Shares transferred on exercise of an Option shall be subject to the provisions of the Companies Act and the Constitution of the Company, and shall rank equally in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date that such Shares are issued or transferred (as the case may be) to the Participant.

Subject to any applicable restriction imposed by the Committee, no restrictions shall apply to any Shares allotted and issued or transferred to a Participant upon his exercise of the Option.

3.10 Adjustment Events

If a variation in the number of issued Shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares and the class and/or number of Shares under any Option to the extent unexercised and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

shall be adjusted in such manner as the Committee may determine to be appropriate and except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. Any adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any warrants or the conversion of any convertible securities, or the cancellation of issued Shares purchased or acquired by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

3.11 Administration of the Innopac ESOS 2017

The Innopac ESOS 2017 will be administered either by the Remuneration Committee or by a committee comprising Directors duly authorised and appointed by the Board to administer the Innopac ESOS 2017, with such powers and duties as are conferred on it by the Board provided that no member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to or held by him or his Associate. Further, where Options are proposed to be granted to or held by Controlling Shareholders or their Associates, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or Associates of Controlling Shareholders, will be involved in the deliberation or decision on the same.

3.12 Modifications or alterations to the Innopac ESOS 2017

The Innopac ESOS 2017 may be modified and/or altered from time to time by resolution of the Committee, subject to the prior approval of the SGX-ST (if required, including compliance with any Shareholders' approval requirement which the SGX-ST may impose) and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attaching to Options granted prior to such modification or alteration except with the written consent of Participants under the Innopac ESOS 2017 who shall be impacted, unless an amendment is made primarily for the purpose of complying with present or future laws applicable to the Innopac ESOS 2017 or a member of the Group, or to correct any manifest error or mistake.

No modification or alteration shall be made to the rules of the Innopac ESOS 2017, in particular, to rules relating to (i) persons entitled to participate in the Innopac ESOS 2017, (ii) the size of the Innopac ESOS 2017, (iii) the maximum entitlement of Controlling Shareholders and their Associates collectively and individually under the Innopac ESOS 2017, (iv) the quantum of discount to the Exercise Price, (v) the amount payable upon acceptance of the Options, (vi) the Exercise Period, (vii) the Exercise Price, (viii) the voting, dividend, transfer and other rights attaching to the Options or the Shares arising from the exercise of the Options, (ix) the requirement of requiring a member of the Committee to abstain from participating in any deliberation or decision relating to any grant of Options to him and (x) the requirement of independent Shareholders' approval for the participation of Controlling Shareholders and their Associates or any grant of Options to such persons, to the advantage of the holders of the Options except with the prior approval of Shareholders in general meeting whereby Shareholders who are also holders of Options shall abstain from voting in respect of any resolution relating to such modification or alteration. Accordingly, the Company will, prior to any modification or alteration to the rules of the Innopac ESOS 2017, seek Shareholders' approval should such modification or alteration to the rules of the Innopac ESOS 2017 be advantageous to the holders of the Options or will result in the holders of the Options receiving a benefit that a Shareholder does not.

4. THE PROPOSED INNOPAC PSP 2017

In addition to the Innopac ESOS 2017, the Board is also proposing to implement a new performance share plan to be named the "Innopac Performance Share Plan 2017".

The following is a summary of the principal terms of the Innopac PSP 2017 and is qualified in its entirety by reference to the more detailed information in the rules of the Innopac PSP 2017, a copy of which is available for inspection at the registered office of the Company from the date of this Circular up to and including the date of the EGM.

4.1 Eligibility

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the Innopac PSP 2017:

- (a) Group Employees (including Group Executive Directors); and
- (b) Non-Executive Directors (including Independent Directors),

provided that on the Date of Grant, such person has attained the age of 21 years and is not an undischarged bankrupt and has not entered into a composition with his creditors.

The Board is of the view that the participation by the Non-Executive Directors in the Innopac PSP 2017 will not compromise their independent status as it is envisaged that the Awards granted to Non-Executive Directors (including Independent Directors) will not comprise (whether on an individual or collective basis) a significant portion of the Awards available under the Innopac PSP 2017. Please refer to paragraph 6 of this Circular for the rationale for allowing Non-Executive Directors to participate in the Innopac PSP 2017.

Subject to the absolute discretion of the Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the Innopac PSP 2017, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Award to any of them may only be effected with the specific prior approval of independent Shareholders in a general meeting by a separate resolution.

As at the Latest Practicable Date, the Company does not have any Controlling Shareholders. It is, nevertheless, the intention of the Company to extend the Innopac PSP 2017 to include any Controlling Shareholders or their Associates who may arise in the future and who may be Group Employees or Directors. Subject to the absolute discretion of the Committee and prior to any grant of an Award to any Controlling Shareholder or their Associates, the Company will seek approval from its independent Shareholders for the participation of such person in the Innopac PSP 2017 and/or the grant of an Award to such person.

There shall be no restriction on the eligibility of any Participants to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or any other companies within the Group, provided that the Participant is eligible to participate in such other share option or share incentive scheme in accordance to its respective rules and provisions.

4.2 Entitlement of Participants to Awards

Awards represent the right of a Participant to receive fully paid Shares, free of charge, provided that the Conditions (if any) are met and upon expiry of any prescribed performance period.

Subject to limitations under the rules of the Innopac PSP 2017, the selection of a Participant and the number of Shares over which an Award may be granted to each Participant shall be determined at the absolute discretion of the Committee, taking into account criteria including but not limited to his rank, job performance, years of service and potential development of the Participant and his contribution to the success and development of the Group.

An Award may only be vested, and consequently any Shares under such Award may only be issued or transferred to the Participant upon the Committee being satisfied at its absolute discretion that the Participant has achieved the relevant Conditions. The Committee may prescribe a vesting schedule pursuant to which an Award shall vest either at the end of each performance period or based on a vesting schedule, provided the relevant Conditions have been achieved.

The Company has the flexibility to grant Awards under the Innopac PSP 2017 as well as Options under the Innopac ESOS 2017 to the same Participant, whether simultaneously or otherwise. The Committee may also, subject to the Rules of the Innopac PSP 2017, grant an Award at any time, where in its opinion, a Participant's performance and/or contribution justified such an Award.

Awards are personal to the Participant to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval.

In relation to each Award to be granted to a Participant under the Innopac PSP 2017, the Committee shall decide the following:

- (a) the number of Shares which are the subject of the Award;
- (b) the Date of Grant;
- (c) details of any applicable Conditions, including performance and/or service conditions, and the applicable performance period;
- (d) the time or times at which the applicable Conditions will be reviewed in respect of the performance period (at which time, the Awards may vest upon the Committee being satisfied that the Conditions for the performance period have been achieved);
- (e) if applicable, a schedule for the vesting of Shares under the Awards whereby Shares under the Awards will not vest immediately upon satisfaction of the Conditions but will vest progressively based on a schedule; and
- (f) any other relevant terms and conditions to be attached to the Awards allocated under the Innopac PSP 2017.

Special provisions relating to the vesting and lapsing of Awards apply in certain circumstances, including the following:

- (a) the termination of the employment of a Participant;
- (b) the misconduct of a Participant;
- (c) the bankruptcy of a Participant;
- (d) ill health, injury or disability of a Participant;
- (e) *bona fide* redundancy of a Participant;
- (f) retirement at or after the legal retirement age of a Participant; and
- (g) a takeover, winding-up (not on basis of insolvency) or reconstruction of the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (a) and (b) above, an Award then held by a Participant shall, subject as provided in the Innopac PSP 2017 and to the extent not yet vested, immediately lapse without any claim whatsoever against the Company and/or the Group.

Upon the occurrence of any of the events specified in sub-paragraphs (c) to (f) above, an Award shall, to the extent not yet vested, immediately lapse without any claim whatsoever against the Company and/or the Group, unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Company may preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest some or all of the Shares which are the subject of any Award and/or to modify or waive any applicable Conditions or performance period in respect of the Awards and subject to the provisions of the Innopac PSP 2017.

Upon the occurrence of any of the events specified in sub-paragraph (g) above, the Committee will consider at its absolute discretion whether any Award should vest. If the Committee decides that the applicable Conditions to the Award have been satisfied, or estimated by the Committee to have been satisfied, for the corresponding performance period, the Participant shall be entitled to the Shares under the Award. The Committee may also, at its absolute discretion and taking into account all circumstances on a case-to-case basis, amend or waive the performance period and/or Condition in respect of any Award should the Committee deems it to be a fairer measure of performance.

4.3 Size of the Innopac PSP 2017

In compliance with the Listing Manual, the aggregate number of Shares for which an Award may be granted on any date under the Innopac PSP 2017, when added to the number of New Shares issued or issuable and/or existing Shares transferred or transferable in respect of:

- (b) all Awards granted under the Innopac PSP 2017;
- (b) all Options granted under the Innopac ESOS 2017; and
- (c) all Shares, options or awards granted under any other share scheme of the Company then in force (if any),

shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the relevant Date of Grant.

For illustrative purposes, based on the issued share capital of the Company of 4,460,750,145 Shares as at the Latest Practicable Date, the maximum number of Shares which may be issued and/or delivered by the Company in connection with the Innopac ESOS 2017 and the Innopac PSP 2017 collectively and in respect of all options or awards granted under any other share option schemes or share schemes of the Company is 669,112,521 Shares.

Furthermore, the aggregate number of Shares for which Awards may be granted under the Innopac PSP 2017 to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Innopac PSP 2017 and the number of Shares for which Awards may be granted to each Controlling Shareholder or his Associate under the Innopac PSP 2017 shall not exceed 10% of the Shares available under the Innopac PSP 2017.

4.4 Duration of the Innopac PSP 2017

The Innopac PSP 2017 shall continue in force at the absolute discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Innopac PSP 2017 is adopted by Shareholders in general meeting, provided that the Innopac PSP 2017 may continue beyond the aforesaid period of time with approval of Shareholders in general meeting and of any relevant authorities which may then be required. The Innopac PSP 2017 may also be terminated at any time by the Committee or with approval of Shareholders in general meeting subject to all other relevant approvals which may then be required.

4.5 Operation of the Innopac PSP 2017

Subject to prevailing legislation and the rules of the Listing Manual, the Company, in its sole and absolute discretion, will deliver Shares to Participants upon vesting of their Awards, by way of:

- (a) an allotment and issue of New Shares; and/or
- (b) a transfer of existing Shares, including any treasury shares held by the Company (if any).

In determining whether to allot and issue New Shares or to deliver existing Shares to the Participants to satisfy the Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing New Shares or purchasing existing Shares.

New Shares allotted and issued or transferred upon vesting of an Award shall be subject to the provisions of the Companies Act and the Constitution of the Company, and shall rank equally in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date that such Shares are issued or transferred (as the case may be) to the Participant.

Subject to any applicable restriction imposed by the Committee, no restrictions shall apply to any Shares allotted and issued or transferred to the Participant upon the vesting of an Award.

4.6 Adjustment Events

If a variation in the number of issued Shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution or otherwise howsoever) should take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Innopac PSP 2017,

shall be adjusted in such manner as the Committee may determine to be appropriate and except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. Any adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any warrants or the conversion of any convertible securities, or the cancellation of issued

Shares purchased or acquired by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

4.7 Administration of the Innopac PSP 2017

The Innopac PSP 2017 will be administered either by the Remuneration Committee or by a committee comprising Directors duly authorised and appointed by the Board to administer the Innopac PSP 2017, with such powers and duties as are conferred on it by the Board provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to or held by him or his Associate. Further, where Awards are proposed to be granted to or held by Controlling Shareholders or their Associates, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or Associates of Controlling Shareholders, will be involved in the deliberation or decision on the same.

4.8 Modifications or alterations to the Innopac PSP 2017

The Innopac PSP 2017 may be modified and/or altered from time to time by resolution of the Committee, subject to the prior approval of the SGX-ST (if required, including compliance with any Shareholders' approval requirement which the SGX-ST may impose) and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attaching to Awards granted prior to such modification or alteration except with the written consent of the Participants under the Innopac PSP 2017 who shall be impacted, unless an amendment is made primarily for the purpose of complying with present or future laws applicable to the Innopac PSP 2017 or a member of the Group, or to correct any manifest error or mistake.

No modification or alteration shall be made to the rules of the Innopac PSP 2017, in particular, to rules relating to (i) persons entitled to participate in the Innopac PSP 2017, (ii) the size of the Innopac PSP 2017, (iii) the maximum entitlement of Controlling Shareholders and their Associates collectively and individually under the Innopac PSP 2017, (iv) the voting, dividend, transfer and other rights attaching to the Awards or the Shares arising from the vesting of the Awards, (v) the requirement of requiring a member of the Committee to abstain from participating in any deliberation or decision relating to any grant of Awards to him and (vi) the requirement of independent Shareholders' approval for the participation of Controlling Shareholders and their Associates or any grant of Awards to such persons, to the advantage of the holders of the Awards except with the prior approval of Shareholders in general meeting whereby Shareholders who are also holders of Awards shall abstain from voting in respect of any resolution relating to such modification or alteration. Accordingly, the Company will, prior to any modification or alteration to the rules of the Innopac PSP 2017, seek Shareholders' approval should such modification or alteration to the rules of the Innopac PSP 2017 be advantageous to the holders of the Awards or will result in the holders of the Awards receiving a benefit that a Shareholder does not.

5. RATIONALE FOR THE INNOPAC ESOS 2017 AND THE INNOPAC PSP 2017

By implementing the Innopac ESOS 2017 and the Innopac PSP 2017, the Company aims to foster an ownership culture by inculcating in all Participants a stronger and more lasting sense of identification with the Group. The Innopac ESOS 2017 and Innopac PSP 2017 will also operate to attract, retain and provide incentives to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Participants generally to contribute towards the Group's long term success. The Company believes that attracting and retaining deserving Participants as employees and/or Directors is vital to the Group's objective of achieving growth, expansion and profitability in its business and operations.

It is also envisaged that the Innopac ESOS 2017 and the Innopac PSP 2017, when implemented, will achieve the following positive objectives:

- (a) the motivation of Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) the retention of key Group Employees and Directors whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by the Participants with the long-term interest of, the Group;
- (d) to attract persons with relevant skills to contribute to the Group and to create value for Shareholders;
- (e) to align the interests of the Participants with the interests of Shareholders; and
- (f) to give recognition to the contributions made or to be made by Non-Executive Directors to the success of the Group.

The proposed Innopac ESOS 2017 and the Innopac PSP 2017 are both essentially share incentive plans. The purpose of adopting more than one share plan is to give the Company greater flexibility to design appropriate incentive packages. It is intended that the Innopac ESOS 2017 and the Innopac PSP 2017 will complement each other as tools to reward, retain and motivate the Participants whose services and contributions are vital to the success and development of the Group.

The Innopac PSP 2017 differs from the Innopac ESOS 2017 in that Awards granted under the Innopac PSP 2017 represent the right of a Participant to receive fully paid Shares, free of charge, provided that certain Conditions are met. For Options granted under the Innopac ESOS 2017, however, the holder of Option is required to pay the Exercise Price for the Shares arising upon the exercise of the Option.

The Innopac ESOS 2017 provides an opportunity for deserving Group Employees and Directors to participate in the equity of the Company so as to motivate them to greater dedication and higher standards of performance, and to give recognition to past contribution and services. The Innopac ESOS 2017 is proposed on the basis that it is important to acknowledge and secure future contribution by the Group Employees and Directors, which is essential to the success and development of the Group. The Company, by adopting the Innopac ESOS 2017, will give Participants a real and meaningful stake in the Company through the exercise of the Options.

The Innopac PSP 2017, which is to be administered concurrently with the Innopac ESOS 2017, contemplates the award of fully paid Shares free of charge to Participants after the Conditions of the Award have been met. Accordingly, the Innopac ESOS 2017 allows the Company to target specific performance objectives and to provide an incentive for Participants to achieve these targets, which ultimately, will create and enhance economic value for Shareholders. The Board believes that the Innopac PSP 2017 will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Innopac PSP 2017, the Group will be able to recognise and reward past contributions and services and motivate Participants to continue to strive for the Group's long term prosperity. The Company believes that the Innopac PSP 2017 is intended to be a more attractive form of bonus than cash bonuses in motivating the personnel of the Group as it gives them a stake in the ownership of the Company.

6. PARTICIPATION BY NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS) IN THE INNOPAC ESOS 2017 AND THE INNOPAC PSP 2017

While the Innopac ESOS 2017 and the Innopac PSP 2017 cater principally to Group Employees, there are other groups of people who make significant contributions to the Group through their close working relationships with the Group, even if they are not directly employed within the Group. Such persons include the Non-Executive Directors.

The Non-Executive Directors (including Independent Directors) come from different professions and backgrounds and bring to the Group a wealth of experience and expertise in corporate governance and business management as well as contacts in the business community. They also provide invaluable guidance in relation to the strategic issues and development of the Group by allowing the Group to draw on the diverse backgrounds of these individuals. The Non-Executive Directors therefore provide the Group with a multi-disciplinary approach in evaluating and considering business issues and opportunities. It is crucial for the Group to attract, retain and incentivise the Non-Executive Directors and accordingly align their interests with that of the Group.

Although they are not specifically involved in the day-to-day running of the Group, the Non-Executive Directors are frequently consulted on various matters in relation to the business of the Group. The Company therefore regards these persons as an additional resource pool and values their contributions greatly. The Board is of the view that allowing the Non-Executive Directors to participate in the Innopac ESOS 2017 and the Innopac PSP 2017 will show the Company's appreciation for, and further motivate them in, their services and contribution towards the growth and development of the Group.

The grant of Awards will therefore allow the Company to reward the Non-Executive Directors for their significant contributions to the Company while the grant of Options will allow the Company to motivate them to take extra efforts to promote the interests of the Company and/or the Group. As described under paragraph 5 of this Circular, one of the rationales of the Innopac ESOS 2017 and the Innopac PSP 2017 is to attract and retain experienced and qualified persons from different professional backgrounds to join the Group. To this end, the Company is of the view that all deserving and eligible Participants should be equally entitled to take part in and benefit from the Company's fair and equitable system of remuneration.

The Board is of the view that the participation by the Non-Executive Directors in the Innopac ESOS 2017 and the Innopac PSP 2017 will not compromise their independent status as it is envisaged that any Options or Awards granted to Non-Executive Directors (including Independent Directors) will not comprise (whether on an individual or collective basis) a significant portion of the Options or Awards available under the respective Innopac ESOS 2017 and the Innopac PSP 2017. The Non-Executive Directors as at the Latest Practicable Date are Dato' Moehamad Izat Emir, Ong Kah Hock, Arslan Koichiev, Yang Kiin and Bernard Ong Kheng Chye.

The selection of Directors (including Non-Executive Directors) to participate in the Innopac ESOS 2017 and the Innopac PSP 2017 as well as the number of Options and/or Awards to be offered or granted thereof will be made by the Committee taking into consideration among other things, the services and contributions made by such Directors to the growth, development and success of the Group. The Committee may, where it considers it relevant, take into account other factors such as the economic conditions and the Group's performance. Although the Directors may be appointed as members of the Committee, the respective rules of the Innopac ESOS 2017 and the Innopac PSP 2017 provide that a member of the Committee shall not be involved in the deliberation or decision of the Committee in respect of the Options and/or Awards granted to or held by him or his Associates.

7. PARTICIPATION BY DIRECTORS AND EMPLOYEES OF ASSOCIATED COMPANIES IN THE INNOPAC ESOS 2017 AND THE INNOPAC PSP 2017

As at the Latest Practicable Date, the Company does not have any Associated Companies.

It is, nevertheless, the intention of the Company to extend the Innopac ESOS 2017 and the Innopac PSP 2017 to include Associated Companies which may arise in the future so as to enable the Directors and employees of Associated Companies to participate in the Innopac ESOS 2017 and the Innopac PSP 2017. Such Associated Companies are companies in which at least 20% but not more than 50% of its shares are held by the Company or the Group and in which the Company exercises effective Control.

The Board is of the view that the extension of the Innopac ESOS 2017 and the Innopac PSP 2017 to Directors and employees of Associated Companies will serve to motivate these individuals to contribute to the growth of their companies. The contribution of such individuals to the success and development of their companies will in turn benefit the Group from the equity accounting of the higher profits of the Associated Companies. Therefore it is in the interest of the Company to motivate the Directors and employees of Associated Companies by allowing them to participate in the Innopac ESOS 2017 and the Innopac PSP 2017.

In granting Options and/or Awards, as the case may be, to Directors and employees of Associated Companies, the Committee will consider, among other things, the contribution of such individuals to the success and development of the Company and/or the Group before selecting them for participation in the Innopac ESOS 2017 and/or the Innopac PSP 2017. For the purposes of assessing their contributions, the Committee may adopt a performance framework which incorporates financial and/or non-financial criteria. These criteria include the contribution of the relevant Associated Company to the net profit after tax and business growth of the Group as well as the years of service of the relevant Director or employee of the Associated Company.

8. PARTICIPATION BY CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN THE INNOPAC ESOS 2017 AND THE INNOPAC PSP 2017

8.1 Rationale and Justification for Participation

As at the Latest Practicable Date, the Company does not have any Controlling Shareholders.

It is, nevertheless, the intention of the Company to extend the Innopac ESOS 2017 and the Innopac PSP 2017 to include Controlling Shareholders and their Associates who may arise in the future and who may be Group Employees or Directors.

The Company is of the view that all employees of the Group, including those who are Controlling Shareholders or Associates of Controlling Shareholders, should be remunerated for their contribution to the Group on the same basis with no differentiation between employees who are Controlling Shareholders or Associates of Controlling Shareholders and employees who are not. The extension of the Innopac ESOS 2017 and the Innopac PSP 2017 to allow the Controlling Shareholders or their Associates to participate in the Innopac ESOS 2017 and the Innopac PSP 2017 will ensure that they are equally entitled, with the other Group Employees who are not Controlling Shareholders or Associates of Controlling Shareholders, to take part and benefit from the Company's fair and equitable system of remuneration. The Company is of the view that Controlling Shareholders or Associates of Controlling Shareholders should not be unduly discriminated against by virtue only for their shareholdings in the Company. The Company is also of the view that the extension of the Innopac ESOS 2017 and the Innopac PSP 2017 to Controlling Shareholders or Associates of Controlling Shareholders will enhance their long-term commitment to the Group as it will ensure that they will continue to have a stake in the Company. In addition, to deny participation by such Controlling Shareholders or Associates of Controlling Shareholders may serve to demotivate them and undermine the objectives of the Innopac ESOS 2017 and the Innopac PSP 2017.

8.2 Safeguards

As a safeguard against abuse, all members of the Board (and not just members of the Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberation or decision in respect of Options and/or Awards to be granted to or held by Controlling Shareholders or their Associates and the terms and conditions attached to such Options and/or Awards.

Specific approval of the independent Shareholders is required for:

- (a) the participation of the Controlling Shareholders and/or their Associates in the Innopac ESOS 2017 and/or the Innopac PSP 2017; and

- (b) the grant of Options and/or Awards to the Controlling Shareholders and/or their Associates as well as the actual number of and terms of such Options and/or Awards.

In seeking such independent Shareholders' approval, clear justification as to their participation, the number of Shares comprised in the Options and/or Awards and the terms of Options and/or Awards to be granted to the Controlling Shareholders and/or Associates of Controlling Shareholders will need to be provided.

The Company will therefore, if and when such a need arises and in compliance with the Listing Manual, seek specific approval from its independent Shareholders for the participation of any Controlling Shareholder or any of his Associates in the Innopac ESOS 2017 and/or the Innopac PSP 2017 and the grant of any Option and/or Award to such person.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of Controlling Shareholders and their Associates in the Innopac ESOS 2017 and the Innopac PSP 2017.

9. FINANCIAL EFFECTS OF THE INNOPAC ESOS 2017 AND THE INNOPAC PSP 2017

9.1 Potential Costs of the Options and Awards

The grant of Options under the Innopac ESOS 2017 and/or Awards under the Innopac PSP 2017 will result in an increase in the number of issued Shares of the Company to the extent that New Shares are issued to the Participants pursuant to the exercise of the Options and/or the vesting of the Awards. This will in turn depend on, among others, the number of Shares to be issued under the Options and Awards. As such, there would be no impact on the number of Shares of the Company if the relevant Options are not exercised or the relevant Awards are not vested.

Based on the SFRRS, no cash outlays would be expended by the Company at the time Options and Awards are issued by it (as compared with cash bonuses). However, the Company would recognise an expense in the financial statements based on the fair value of the Option or the Award at the Date of Grant.

Participants will receive Shares in settlement of the Options and Awards, and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Options and Awards would be recognised as a charge to the income statement over the vesting period of an Option or Award and a corresponding credit to reserve account. For Options granted, the total amount of the charge over the vesting period is generally measured based on the fair value of each Option granted. This is normally estimated by applying the option pricing model at the Date of Grant. As for Awards, the total amount of charge over the vesting period is based on the market price of the Shares at the Date of Grant adjusted to take into the account the terms and conditions upon which the Awards were granted. Before the end of the vesting period, at each accounting year end, the estimate of the number of Options and Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made. This accounting treatment has been referred to as the "modified grant date method", because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest but no adjustment is made to changes in the fair value of the Shares since the Date of Grant.

In the case of Awards, the amount of the charge to the income statement depends on whether or not the Condition attached to an Award is a "market condition", that is a condition which is related to the market price of the Shares. If the Condition is not a market condition, the fair value of the Shares of Awards granted at the Date of Grant is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest.

Thus, if the Awards do not ultimately vest due to a failure to meet the Conditions, the amount charged to the income statement would be reversed.

9.2 Share Capital

The Innopac ESOS 2017 and the Innopac PSP 2017 will result in an increase in the number of issued Shares of the Company when New Shares are issued to the Participants pursuant to the exercise of Options and the vesting of Awards. This increase will in turn depend on, among others, the number of Shares under the Options and the Awards, and the prevailing market price of the Shares on the SGX-ST. However, there will be no change to the number of issued Shares of the Company where Options (when exercised) and Awards (when vested) are satisfied by treasury shares held by the Company.

9.3 Earnings per Share

The Innopac ESOS 2017 and the Innopac PSP 2017 will have a dilutive effect on the EPS of the Group and of the Company following the increase in the number of issued Shares of the Company to the extent that New Shares are issued to the Participants pursuant to the Innopac ESOS 2017 and the Innopac PSP 2017.

9.4 Net Tangible Assets

The issue of New Shares upon the exercise of the Options under the Innopac ESOS 2017 will increase the consolidated NTA of the Group and of the Company by the aggregate Exercise Price of the New Shares. On a per Share basis, the effect on the NTA of the Group and of the Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

As described in paragraph 9.1 above, the grant of Awards under the Innopac PSP 2017 is likely to result in a charge to the income statement of the Group and of the Company over the period from the Date of Grant of the Awards to the vesting date of the Awards. The amount of the charge will be computed in accordance with the grant date method under SFRS 102. If New Shares are issued to Participants, there would be no effect on the NTA of the Group and of the Company.

10. DISCLOSURES IN ANNUAL REPORTS

The Company, as required by the SGX-ST, shall make the following disclosures (as may be applicable under the then prevailing listing rules) in its annual report for so long as each of the Innopac ESOS 2017 and the Innopac PSP 2017 continues in operation:

- (a) the names of the members of the Committee administering each of the Innopac ESOS 2017 and the Innopac PSP 2017;
- (b) in respect of the following Participants of each of the Innopac ESOS 2017 and the Innopac PSP 2017:
 - (i) Directors;
 - (ii) Controlling Shareholders and their Associates;
 - (iii) Participants (other than those in sub-paragraphs (i) and (ii) above) who have been granted Options under the Innopac ESOS 2017 and/or who have been granted Awards under the Innopac PSP 2017 which represents 5% or more of the total number of Shares available under each of the Innopac ESOS 2017 and the Innopac PSP 2017 respectively,

the following information:

- (aa) the name of the Participant;

- (bb) the following particulars relating to the Options granted under the Innopac ESOS 2017:

Number of Shares comprised in Options granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of the Innopac ESOS 2017 to the end of the financial year under review	Aggregate number of Shares comprised in Options exercised since commencement of the Innopac ESOS 2017 to the end of the financial year under review	Aggregate number of Shares comprised in Options outstanding as at the end of the financial year under review

- (cc) the following particulars relating to the Awards granted under the Innopac PSP 2017:

Number of Shares comprised in Awards granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the Innopac PSP 2017 to the end of the financial year under review	Aggregate number of Shares issued or transferred pursuant to the vesting of Awards since commencement of the Innopac PSP 2017 to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review

- (c) the number and proportion of Shares comprised in Options granted under the Innopac ESOS 2017 during the financial year under review:
- at a discount of 10% or less of the Market Price in respect of the relevant Option; and
 - at a discount of more than 10% of the Market Price in respect of the relevant Option.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

11.1 Interest in Shares

As at the Latest Practicable Date, the interests of Directors and substantial shareholders of the Company in the Shares, based on the Company's register of interest of Directors and register of substantial shareholders respectively, are as follows:

	Direct Interests		Deemed Interests	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Dato' Moehamad Izat Emir	20,000,000	0.45	–	–
Wong Chin Yong	74,000,000	1.66	–	–
Ong Kah Hock	22,509,000	0.50	–	–
Arslan Koichiev	2,000,000	0.04	–	–
Yang Kiin	–	–	–	–
Bernard Ong Kheng Chye	–	–	–	–

	Direct Interests		Deemed Interests	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Substantial Shareholders				
Joseph Isaac Gutnick ⁽²⁾	2,220,000	0.05	300,000,000	6.73
Jollyboat Management Ltd ⁽³⁾	–	–	300,000,000	6.73
Rubic Prize Limited	300,000,000	6.73	–	–
Foo Seng Ngan ⁽⁴⁾	–	–	295,318,000	6.62
Clearwater Development Sdn Bhd ⁽⁵⁾	–	–	268,487,800	6.02

Notes:

- (1) Based on the Company's issued share capital of 4,460,750,145 Shares as at the Latest Practicable Date.
- (2) Mr Joseph Isaac Gutnick owns 100% of Jollyboat Management Ltd.
- (3) Jollyboat Management Ltd's deemed interest was pursuant to a sale and purchase agreement.
- (4) The Shares are held under nominee account.
- (5) Clearwater Development Sdn Bhd's deemed interest was due to an assignment of Shares.

11.2 Interests in warrants under the Deed Poll dated 7 October 2014

The interests of the Directors in the warrants of the Company as at the Latest Practicable Date, as recorded in the Company's register of interest of Directors, are as follows:

	Direct Interests		Deemed Interests	
	Number of warrants	% ⁽¹⁾	Number of warrants	% ⁽¹⁾
Directors				
Dato' Moehamad Izat Emir	–	–	–	–
Wong Chin Yong	18,000,000	3.86	1,500,000	0.32
Ong Kah Hock	2,503,000	0.54	–	–
Arslan Koichiev	–	–	–	–
Yang Kiin	–	–	–	–
Bernard Ong Kheng Chye	–	–	–	–

Note:

- (1) As a percentage of the total number of outstanding warrants of 465,783,822 warrants as at the Latest Practicable Date.

11.3 Interests in the Innopac ESOS 2017 and the Innopac PSP 2017

All the Directors of the Company are eligible to participate in the Innopac ESOS 2017 and the Innopac PSP 2017. They are therefore deemed to be interested in the Innopac ESOS 2017 and the Innopac PSP 2017.

None of the substantial shareholders of the Company or their Associates is eligible to participate in the Innopac ESOS 2017 and the Innopac PSP 2017. They therefore have no interest in the Innopac ESOS 2017 and the Innopac PSP 2017.

12. DIRECTORS' RECOMMENDATIONS

12.1 Proposed adoption of the Innopac ESOS 2017

The Directors are eligible to participate, and are therefore interested, in the Innopac ESOS 2017. Accordingly, the Directors have refrained from making any recommendation in relation to the proposed adoption of the Innopac ESOS 2017.

12.2 Proposed grant of Options at a discount under the proposed Innopac ESOS 2017

The Directors are eligible to participate in the Innopac ESOS 2017 and are therefore interested in the proposed grant of Options at a discount under the Innopac ESOS 2017. Accordingly, the Directors have refrained from making any recommendation in relation to the proposed grant of Options at a discount under the Innopac ESOS 2017.

12.3 Proposed adoption of the Innopac PSP 2017

The Directors are eligible to participate, and are therefore interested, in the Innopac PSP 2017. Accordingly, the Directors have refrained from making any recommendation in relation to the proposed adoption of the Innopac PSP 2017.

13. ABSTENTION FROM VOTING

Shareholders (including Directors who are Shareholders) who are entitled to participate in the proposed Innopac ESOS 2017 and the Innopac PSP 2017 should abstain from voting at the EGM in respect of the resolutions in relation to the Innopac ESOS 2017 and the Innopac PSP 2017 respectively, as set out in the Notice of EGM. If and when votes are cast by such persons, the Company will disregard the votes cast by them on the resolutions in relation to the Innopac ESOS 2017 and the Innopac PSP 2017 respectively, as set out in the Notice of EGM.

Such Shareholders should also decline appointment as proxies for voting at the EGM in respect of the aforesaid resolutions, unless specific instructions have been given in the proxy form on how the votes are to be cast for each of the aforesaid resolutions.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 31 and 32 of this Circular, will be held at Ibis Singapore On Bencoolen, Level 1 Jasmine 1 & 2, 170 Bencoolen Street, Singapore 189657 on 28 April 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM scheduled to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modification, the ordinary resolutions set out in the Notice of EGM.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 not less than 48 hours before the time fixed for holding the EGM. The completion and lodgement of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for holding the EGM.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposals, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for the financial year ended 31 December 2016;
- (c) the rules of the proposed Innopac ESOS 2017; and
- (d) the rules of the proposed Innopac PSP 2017.

Yours faithfully
for and on behalf of the Board of Directors of
Innopac Holdings Limited

Dato' Moehamad Izat Emir
Chairman

INNOPAC HOLDINGS LIMITED

(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Innopac Holdings Limited (the “**Company**”) will be held at Ibis Singapore On Bencoolen, Level 1 Jasmine 1 & 2, 170 Bencoolen Street, Singapore 189657 on 28 April 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company scheduled to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modification, the following ordinary resolutions:

*Unless otherwise defined, all capitalised terms herein shall have the same meanings as defined in the circular to shareholders of the Company dated 13 April 2017 (the “**Circular**”).*

ORDINARY RESOLUTIONS

Resolution 1 : Proposed Adoption of the Innopac Employee Share Option Scheme 2017

THAT:

- (a) the share option scheme to be named the “Innopac Employee Share Option Scheme 2017” (the “**Innopac ESOS 2017**”), details of which have been set out in the Circular, be and is hereby approved and adopted;
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to establish and administer the Innopac ESOS 2017;
 - (ii) to modify and/or amend the Innopac ESOS 2017 from time to time provided that such modifications and/or amendments are effected in accordance with the rules of the Innopac ESOS 2017 and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Innopac ESOS 2017; and
 - (iii) to grant options (the “**Options**”) in accordance with the rules of the Innopac ESOS 2017 and to allot and issue or deliver from time to time such number of New Shares or treasury shares required pursuant to the exercise of the Options under the Innopac ESOS 2017; and
- (c) the Directors and each of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required in connection with the Innopac ESOS 2017) and exercise such discretion as the Director(s) may in their or his absolute discretion deem fit, advisable or necessary to give full effect to this Resolution and the Innopac ESOS 2017.

Resolution 2 : Proposed Grant of Options at a Discount under the Innopac Employee Share Option Scheme 2017

THAT subject to and contingent upon the passing of Resolution 1, the Directors be and are hereby authorised to grant Options in accordance with the rules of the Innopac ESOS 2017 with exercise prices set at a discount to the Market Price, provided that such discount does not exceed the relevant limits set by the Singapore Exchange Securities Trading Limited.

Resolution 3 : Proposed Adoption of the Innopac Performance Share Plan 2017

THAT:

- (a) the share incentive plan to be named the “Innopac Performance Share Plan 2017” (the “**Innopac PSP 2017**”), details of which have been set out in the Circular, be and is hereby approved and adopted;

- (b) the Directors of the Company be and are hereby authorised:
- (i) to establish and administer the Innopac PSP 2017;
 - (ii) to modify and/or amend the Innopac PSP 2017 from time to time provided that such modifications and/or amendments are effected in accordance with the rules of the Innopac PSP 2017 and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Innopac PSP 2017; and
 - (iii) to grant awards (the “**Awards**”) in accordance with the rules of the Innopac PSP 2017 and to allot and issue or deliver from time to time such number of New Shares or treasury shares required pursuant to the vesting of the Awards under the Innopac PSP 2017; and
- (c) the Directors and each of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required in connection with the Innopac PSP 2017) and exercise such discretion as the Director(s) may in their or his absolute discretion deem fit, advisable or necessary to give full effect to this Resolution and the Innopac PSP 2017.

By order of the Board of Directors

Stanley Chu Kam Po
Company Secretary
13 April 2017
Singapore

Notes:

- (1) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.
- (2) Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- (3) The instrument appointing a proxy or proxies must be signed by the appointer or his attorney duly authorised in writing. If the appointer is a corporation, the instrument appointing a proxy or proxies must be executed under common seal or the hand of its duly authorised officer or attorney.
- (4) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 not less than forty-eight (48) hours before the time appointed for holding the EGM.
- (5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited not less than seventy-two (72) hours before the time appointed for holding the EGM in order for the Depositor to be entitled to attend, speak and vote at the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

INNOPAC HOLDINGS LIMITED

(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

PROXY FORM FOR EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore, Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in the Company ("CPF/SRS Investors"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS Investors are requested to contact their respective Agent Banks/SRS Operators for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks/SRS Operators as proxies for the Extraordinary General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 13 April 2017.

I/We, _____ (Name)

_____ (NRIC/Passport/Co. Reg.No.)

of _____ (Address)

being a member/members of **INNOPAC HOLDINGS LIMITED** (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/them, the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our proxy/proxies, to attend and to vote for me/us on my/our behalf at the EGM to be held at Ibis Singapore On Bencoolen, Level 1 Jasmine 1 & 2, 170 Bencoolen Street, Singapore 189657 on 28 April 2017 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company scheduled to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their absolute discretion, as he/they will on any other matter arising at the EGM.

No.	Ordinary Resolutions	Number of Votes For*	Number of Votes Against*
1	Adoption of the Innopac Employee Share Option Scheme 2017		
2	Grant of Options at a discount under the Innopac Employee Share Option Scheme 2017		
3	Adoption of the Innopac Performance Share Plan 2017		

* Voting will be conducted by poll. If you wish to use all your votes "For" or "Against" the Ordinary Resolution, please indicate with an "X" within the box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the Ordinary Resolution, please indicate the number of shares in the boxes provided.

Dated this _____ day of _____ 2017

Total Number of Shares held in:	Number of Shares
(a) Depository Register	
(b) Register of Members	

Signature of Shareholder(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and also registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 not less than forty-eight (48) hours before the time appointed for holding the EGM.

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Affix
Postage
Stamp

The Company Secretary
Innopac Holdings Limited
190 Middle Road
#19-07 Fortune Centre
Singapore 188979

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6. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his shareholding to be represented by each proxy and if no proportion is specified, the Company shall be entitled to treat the first-named proxy as representing all of the shareholding and the second-named proxy shall be deemed to be an alternate to the first-named or at the Company's option, to treat the instrument of proxy as invalid.
7. The submission of an instrument appointing a proxy or proxies by a member of the Company does not preclude him from attending and voting in person at the EGM if he wishes to do so. However, any appointment of a proxy or proxies by such member shall be deemed to be revoked if the member attends the EGM in person, and in such event, the Company reserves the right to refuse any person or persons appointed under the instrument of proxy or proxies to the EGM.
8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
9. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
11. The Company shall be entitled to reject any instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Ltd to the Company.

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