



INNO-PACIFIC HOLDINGS LTD
(Unique Entity No. 197301788K)
(Incorporated in the Republic of Singapore)

PROPOSED PLACEMENT OF 100,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF INNO-PACIFIC HOLDINGS LTD

1. Introduction

The Board of Directors of Inno-Pacific Holdings Ltd (the “**Company**”) wishes to announce that the Company has today entered into separate placement agreements (collectively, the “**Placement Agreements**”) with Messrs. Chan Sing En (“**CSE**”), Lee Chai Huat (“**LCH**”) and Ronald Menon (“**RM**”) (collectively, the “**Subscribers**”) pursuant to which the Company has agreed to allot and issue an aggregate of 100,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) and the Subscribers has agreed to subscribe for the Placement Shares, at an issue price of S\$0.0164 for each Placement Share (the “**Issue Price**”), amounting to an aggregate consideration of S\$1.64 million, and on the terms and conditions of the Placement Agreements (the “**Placement**”).

2. The Placement Shares and the Issue Price

The Placement Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the ordinary shares (the “**Shares**”) existing as at the date of issue of the Placement Shares except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls on or prior to the date of completion of the allotment and issue of the Placement Shares.

The Placement Shares will be issued pursuant to the general mandate authorising the Directors of the Company to issue new Shares and convertible securities, which was granted by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 3 April 2009.

The Issue Price represents a discount of approximately 9.87% to the weighted average price of S\$0.018195 for each Share, based on trades done on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 6 April 2010 (being the preceding market day prior to the signing of the Placement Agreements) and up to the time of the trading halt of the Shares on 7 April 2010.

The Placement Shares will not be issued to any of the persons listed in Rule 812(1)(a) to (d)¹ of the Listing Manual of the SGX-ST.

3. Information on the Subscribers

Pursuant to the separate Placement Agreements entered into between the Company with each of CSE, LCH and RM, CSE shall subscribe for 35,000,000 Placement Shares, LCH shall subscribe for 35,000,000 Placement Shares and RM shall subscribe for 30,000,000 Placement Shares at the Issue Price.

The Subscribers were identified by the Company through business meetings and subsequent negotiations with Mr Wong Chin Yong, the Managing Director of the Company. Each of the Subscribers had indicated to Mr Wong of his willingness to invest in the Company by subscribing for such number of Placement Shares.

4. Rationale for the Placement

The Placement will enable the Group to settle invoices of approximately \$0.70 million operating expenses it has incurred during FY2009. The balance of approximately S\$0.92 million out of the net proceeds of the placement will be utilised as working capital of the Group.

5. Offer Information Statement and Additional Listing Application

An Offer Information Statement which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 has today been lodged with the Monetary Authority of Singapore.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST.

6. Use of Net Proceeds

The Placement will allow the Company to raise estimated net proceeds (the “**Net Proceeds**”) of approximately S\$1.62 million (after deducting expenses incurred in connection with the Placement).

¹ Rule 812(1) of the Listing Manual states that an issue must not be placed to any of the following persons:-

- (a) the Company's Directors and substantial shareholders;
- (b) immediate family members of the Directors and substantial shareholders;
- (c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the Company's substantial shareholders; and
- (d) corporations in whose shares the Company's directors and substantial shareholders have an aggregate interest of at least 10%.

The Company intends to use the Net Proceeds as follows:-

- (a) approximately S\$0.70 million or 42.68% will be used to repay debts which are operating expenses incurred by the Group during its financial year ended 31 December 2009; and
- (b) the balance of approximately S\$0.92 million or 56.10% will be utilised as working capital.

Pending deployment of the Net Proceeds for such purposes, the Net Proceeds may be placed in deposits with financial institutions, or invested in short-term money market instruments, or marketable securities or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit.

7. Financial Effects

Based on the issued and paid-up share capital of the Company of S\$53,282,557 comprising 1,086,245,285 Shares as at the date of this announcement and assuming that all the 100,000,000 Placement Shares are issued, on completion of the Placement, the issued and paid-up share capital of the Company will increase to S\$54,902,557 comprising 1,186,245,285 Shares. The 100,000,000 Placement Shares represent approximately 9.2% of the Company's existing issued share capital of 1,086,245,285 Shares and approximately 8.4% of the enlarged issued share capital of the Company immediately after the completion of the Placement (assuming all the 100,000,000 Placement Shares are issued).

Based on the unaudited consolidated financial statements of the Group for its financial year ended 31 December 2009, the Group's net asset value per Share and earnings per Share was approximately 3.26 cents and 0.61 cents. Assuming that the Placement had been effected, in respect of net asset value per Share on 31 December 2009 and in respect of earnings per Share on 1 January 2009, and that all the Placement Shares are issued on the respective dates, the Group's net asset value per Share and earnings per Share, after adjusting for the issue of the Placement Shares, would be approximately 3.12 cents and 0.56 cents respectively.

8. General

None of the Directors nor any substantial shareholder of the Company or their respective associates (in so far as the Directors are aware) has any interest, whether direct or indirect, in the Placement.

The Placement will not result in any transfer of controlling interest in the Company.

The Company will make the necessary announcement upon receipt of the in-principle approval from the SGX-ST for the listing of and quotation for the Placement Shares.

By Order of the Board
INNO-PACIFIC HOLDINGS LTD

Stanley Chu Kam Po
Company Secretary

7 April 2010