



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

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF SHARES WITH WARRANTS

1. Introduction

The Board of Directors of Inno-Pacific Holdings Ltd (the "Company") wishes to announce that the Company is proposing a renounceable non-underwritten rights issue (the "Rights Issue") of up to 1,032,372,966 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S\$0.035 (the "Issue Price") for each Rights Share with up to 516,186,483 free detachable warrants (the "Warrants"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "New Share") at an exercise price of S\$0.05 (the "Exercise Price") for each Warrant, on the basis of two (2) Rights Shares with one (1) free detachable Warrant for every one (1) existing ordinary share ("Share") in the capital of the Company held by shareholders of the Company (the "Shareholders") as at a time and date to be determined by the Directors for the purpose of determining the entitlements of Shareholders under the Rights Issue (the "Books Closure Date"), fractional entitlements to be disregarded.

2. The Proposed Rights Issue

2.1 Proposed Principal Terms of the Rights Issue

The Company is proposing the Rights Issue, at the Issue Price for each Rights Share with detachable Warrants, to be made on a renounceable basis to Shareholders whose registered addresses with the Company or the Central Depository (Pte) Limited (the "CDP"), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least five (5) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "Entitled Shareholders"). The Rights Issue will not be underwritten and will be made on a basis of two (2) Rights Shares with one (1) free detachable Warrant for every one (1) Share held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

The Rights Shares are payable in full upon acceptance and/or application. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares or the Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "Foreign Shareholders"). The entitlements to the Rights Shares and the Warrant which would otherwise be provisionally allotted to Foreign Shareholders will, if practicable, be sold "nil-paid" on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. Any entitlements to the Rights Shares and the Warrants not taken up for any reason will be aggregated and allotted to satisfy excess applications or disposed of in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and substantial Shareholders and Directors will rank last in priority.

Only Shareholders who have subscribed for their entitlements to the Rights Shares and/or purchased any excess Rights Shares are entitled to the free Warrants.

The Warrants are immediately detachable from the Rights Shares upon issue and will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the Main Board of the SGX-ST upon the listing and quotation of the Warrants on the Main Board of the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants. Each Warrant will, subject to the terms and conditions to be set out in an instrument constituting the Warrants (the "Deed Poll"), carry the right to subscribe for one (1) New Share at the Exercise Price of S\$0.05, at any time during the period commencing on and including the date of issue of the Warrants and expiring on a date immediately preceding the second (2nd) anniversary of such date of issue. The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll. The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which is before the relevant date of exercise of the Warrants.

Based on the existing issued share capital of the Company of 516,186,483 Shares, up to 1,032,372,966 Rights Shares and up to 516,186,483 Warrants will be issued pursuant to the Rights Issue. The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement to be issued by the Company in connection with the Rights Issue (the "Offer Information Statement").

The Issue Price represents a discount of approximately 30% to the volume weighted average price of S\$0.05 per Share on the SGX-ST as at the close of trading on 13 August 2007.

2.3 Purpose of the Rights Issue and Use of Proceeds

The estimated net proceeds of the Rights Issue, after deducting estimated expenses of S\$350,000, are expected to be approximately S\$35.78 million before the exercise of the Warrants.

The Company intends to utilise the net proceeds of the Rights Issue as working capital of the Group.

On 6 August 2007, the Company announced that it had entered into an outsourcing agreement ("Outsourcing Agreement") with Realm Energy Sdn Bhd ("RESB"). Pursuant to the Outsourcing Agreement, the Company has been appointed as RESB's exclusive agent to provide and supply all the necessary products, equipment and facilities to RESB for the installation of Broadband over Power Line ("BPL") technology, broadband internet last-mile connectivity and premium services, such as voice-over-IP (VOIP), web-TV, IPTV and grid management. Under the terms of the Outsourcing Agreement, RESB has also appointed the Company as its main contractor for the installation of the BPL services to RESB's customers who comprise Internet Service Providers and other persons, such as property developers and property owners and management companies who wish to provide broadband internet connectivity and services and also to the end-users of these customers, within Malaysia.

Under the terms of the Outsourcing Agreement, RESB will use its best endeavour to secure a target of one million (1,000,000) subscribers for BPL broadband internet service within the next three (3) years. The total value of the project will be in excess of Malaysian Ringgit 500 million, if this target is achieved.

The Company estimates that it will require a minimum of Malaysian Ringgit 65 million (equivalent to approximately S\$29.25 million) to fund the working capital required to carry out and fulfill its obligations as the exclusive agent and supplier of all the necessary products, equipment and facilities to RESB under the Outsourcing Agreement.

The Company also intends to utilise the remaining net proceeds of the Rights Issue, if any, for the Group's general working capital and other business investments and opportunities.

Pending the deployment of the net proceeds from the Rights Issue, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

As and when the Warrants are exercised, the net proceeds arising therefrom may be used by the Company as working capital and/or such other purposes as the Directors may in their absolute discretion deem fit.

There is no minimum amount which must be raised from the Rights Issue.

2.4 Approvals

The Rights Issue is conditional upon, *inter alia*, the following:-

- (a) the in-principle approval of the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Main Board of the SGX-ST;
- (b) the Rights Issue being approved by the Shareholders at the Extraordinary General Meeting ("EGM"); and
- (c) the lodgement of the Offer Information Statement in respect of the Rights Issue with the Monetary Authority of Singapore ("MAS").

An application will be made to the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Main Board of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

The Offer Information Statement will be lodged with the MAS and despatched to Entitled Shareholders in due course.

3. Circular

A circular containing further details of the Rights Issue and the convening of an EGM for the purpose of seeking Shareholders' approval for the above matters will be despatched to Shareholders in due course.

4. Responsibility Statement

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

By Order of the Board

Wong Chin Yong
Managing Director

13 August 2007