



INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of InnoPac Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 5,048,033,967 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.0008 for each Rights Share (the “**Issue Price**”) on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a date and time to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined in paragraph 4.1 of this announcement) under the Rights Issue (the “**Books Closure Date**”), fractional entitlements (if any) to be disregarded.

2. GENERAL MANDATE FOR THE ISSUE OF THE RIGHTS SHARES

At the last annual general meeting of the Company held on 28 April 2017 (the “**2017 AGM**”), the Company obtained Shareholders’ approval for a general share issue mandate, with an enhanced rights issue limit, authorising the Directors to issue up to 100% of the total number of issued Shares by way of a renounceable rights issue, on a pro rata basis to Shareholders (the “**Enhanced Rights Issue Limit**”).

The Company will be utilising the Enhanced Rights Issue Limit to issue the Rights Shares.

Accordingly, the Company will not be seeking specific approval from the Shareholders for the Rights Issue as the basis of the Rights Issue is within the limit of the Enhanced Rights Issue Limit.

3. PRINCIPAL TERMS OF THE PROPOSED RIGHTS ISSUE

3.1 Basis of Rights Issue

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to the Entitled Shareholders, on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements, if any, to be disregarded.

3.2 Issue Price

The Issue Price of S\$0.0008 represents a discount of 20% to the closing price of S\$0.001 for each Share on 27 June 2017, being the immediate market day on which trades were recorded prior to the date of this announcement.

The Issue Price represents a discount of 11.1% to the theoretical ex-rights price¹ of S\$0.0009 for each Share.

3.3 Status of the Rights Shares

The Rights Shares will be payable in full upon acceptance and/or application and when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may be notified by the Company) on which Shareholders must be registered with the Company, the Company’s share registrar, Intertrust Singapore Corporate Services Pte Ltd, or The Central Depository (Pte) Limited (“CDP”), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

Fractional entitlements, if any, to any Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy applications for excess Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors, in their absolute discretion, deem fit in the interests of the Company.

3.4 No Shareholders’ Undertaking

The Company has not received any undertaking from its Shareholders to subscribe for their entitlements under the Rights Issue or to apply for excess Rights Shares.

3.5 Size of the Rights Issue

As at the date of this announcement, the Company has:

- (i) an existing issued share capital comprising 4,460,750,145 Shares (the “**Existing Issued Share Capital**”);
- (ii) 465,783,822 outstanding warrants (the “**Outstanding Warrants**”) which are exercisable into 465,783,822 Shares;
- (iii) outstanding share options (the “**Outstanding Share Options**”) granted under the Company’s employee share option scheme which are exercisable into 91,500,000 Shares; and
- (iv) an outstanding share award for 30,000,000 Shares (the “**Outstanding Share Award**”) granted under the Company’s performance share scheme.

¹ The theoretical ex-rights price per Share is the theoretical market price of each Share assuming the completion of the Rights Issue, and is calculated based on (A) the sum of (i) the Company’s market capitalisation based on the closing price of S\$0.001 for each Share on 27 June 2017 (being the immediate market day on which trades were recorded prior to the date of this announcement) and (ii) the gross proceeds of the Rights Issue assuming that the Rights Issue is fully subscribed based on the Existing Issued Share Capital (as defined in paragraph 3.5 of this announcement), divided by (B) the enlarged total number of Shares in issue following the completion of the Rights Issue assuming that the Rights Issue is fully subscribed based on the Existing Issued Share Capital.

For illustration purposes only:

- (a) based on the Existing Issued Share Capital and assuming that (i) none of the Outstanding Warrants and the Outstanding Share Options are exercised, and the Outstanding Share Award has not vested, before the Books Closure Date and (ii) the Rights Issue is fully subscribed, an aggregate of 4,460,750,145 Rights Shares will be issued pursuant to the Rights Issue.

- (b) based on the Existing Issued Share Capital and assuming that (i) the Outstanding Warrants and the Outstanding Share Options are exercised in full before the Books Closure Date, (ii) the Outstanding Share Award has vested in full before the Books Closure Date and (iii) the Rights Issue is fully subscribed, an aggregate of 5,048,033,967 Rights Shares will be issued pursuant to the Rights Issue. As the exercise price of S\$0.012 at which an Outstanding Warrant may be exercised, and the exercise price of S\$0.008 at which an Outstanding Share Option may be exercised, are higher than the closing price of the Shares as at 27 June 2017 (being the immediate market day on which trades were recorded prior to the date of this announcement), the Company does not expect that the Outstanding Warrants and the Outstanding Share Options will be exercised in full before the Books Closure Date. The Company confirms that the Outstanding Share Award will not vest before the Books Closure Date.

3.6 Non-Underwritten Rights Issue

Based on the reasonable opinion of the Directors, there is no minimum amount to be raised from the Rights Issue. In view of this, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

3.7 Offer Information Statement

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 (the “**OIS**”) and its accompanying documents to be lodged with the Monetary Authority of Singapore. The OIS will be despatched by the Company to the Entitled Shareholders in due course.

4. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

4.1 Entitled Shareholders

Shareholders whose registered address with the Company’s share registrar or CDP, as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company’s share registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents will be entitled to participate in the Rights Issue and to receive the OIS to be issued by the Company in connection with the Rights Issue together with the appropriate application forms and accompanying documents at their respective Singapore addresses (the “**Entitled Shareholders**”).

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Any entitlements to the Rights Shares not taken up for any reason will be aggregated and allotted to satisfy applications for excess Rights Shares or disposed of in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

4.2 Foreign Shareholders

For practical reasons and for avoidance of violating any foreign laws, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company's share registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**").

All documents in respect of the Rights Issue, comprising an offering document in the prescribed OIS form and the accompanying application forms to be issued by the Company will, therefore, not be mailed to any address outside Singapore. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptances or application will be valid.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the entitlements to the Rights Shares which would otherwise be provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the Mainboard 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 interests of the Company.

4.3 Foreign Purchasers

The OIS and the accompanying application forms will also not be despatched to persons purchasing the provisional allotments of the Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the "**Foreign Purchasers**"). Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited to their securities accounts should make the necessary arrangements with their depository agents or stockbrokers in Singapore. The Company reserves the right to reject any acceptances of Rights Shares and/or applications for excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable laws, rules and regulations of any jurisdiction.

4.4 Excess Rights Shares

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial shareholders of the Company who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue or have representation (direct or indirect through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

5. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

5.1 Rationale

The Company intends to undertake the Rights Issue to raise funds for business expansion and to improve its working capital position. The Rights Issue will also provide Shareholders with an opportunity for further participation in the equity of the Company.

5.2 Use of Proceeds

For illustrative purposes only:

- (a) in the event that (i) none of the Outstanding Warrants and the Outstanding Share Options are exercised, and the Outstanding Share Award has not vested, before the Books Closure Date and (ii) 4,460,750,145 Rights Shares are fully subscribed, the estimated net proceeds from the Rights Shares (the “**Net Proceeds**”) will be approximately S\$3,268,600, after deducting professionals’ fees and related expenses estimated at S\$300,000 to be incurred in connection with the Rights Issue.
- (b) in the event that (i) the Outstanding Warrants and the Outstanding Share Options are exercised in full before the Books Closure Date, (ii) the Outstanding Share Award has vested in full before the Books Closure Date and (iii) 5,048,033,967 Rights Shares are fully subscribed, the estimated Net Proceeds from the Rights Shares will be approximately S\$3,738,427, after deducting professionals’ fees and related expenses estimated at S\$300,000 to be incurred in connection with the Rights Issue.

The Company intends to utilise the entire Net Proceeds from the Rights Issue for business expansion and for its general working capital.

The Company will make periodic announcements on the utilisation of Net Proceeds as and when such proceeds are materially disbursed and provide a status report on the use of the Net Proceeds in its annual report. Where Net Proceeds have been used for working capital, the Company will provide a breakdown with specific details on the use in its announcements and annual report. Where there is a material deviation in the use of Net Proceeds, the Company will state the reasons for such deviation.

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 market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

6. APPROVAL FOR THE RIGHTS ISSUE

The Rights Issue is subject to, *inter alia*, the following:

- (a) the approval in-principle from the SGX-ST for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the completion of the Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and

- (b) the lodgement of the OIS, together with all other accompanying documents (if applicable) in respect of the Rights Issue with the Monetary Authority of Singapore.

An application to the SGX-ST for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST will be made. Appropriate announcements in relation to the outcome of the application, among others, will be made in due course.

7. ENHANCED RIGHTS ISSUE LIMIT

As disclosed in paragraph 2 of this announcement, the Company had, at its 2017 AGM, obtained Shareholders' approval for a general share issue mandate based on the Enhanced Rights Issue Limit and that the Company will be utilising the Enhanced Rights Issue Limit to issue the Rights Shares.

The Enhanced Rights Issue Limit, resulted from the modification by the SGX-ST of the requirement under Rule 806(2) of the Listing Manual of the SGX-ST (the "**Listing Manual**") by provisionally raising the limit for an issue of pro-rata renounceable rights shares of up to 100% of the share capital from 50% previously, was proposed by the Company at its 2017 AGM pursuant to Practice Note 8.3 of the Listing Manual.

Practice Note 8.3 of the SGX-ST's Listing Manual, which took effect on 13 March 2017, provides guidance on the provisional waiver in relation to the limit on the aggregate number of shares and convertible securities that an issuer may issue on a pro rata basis pursuant to a general mandate under Rule 806(2) of the Listing Manual.

In accordance with the requirements of Practice Note 8.3, the Company confirms that:

- (a) this announcement is made in compliance with, among others, Practice Note 8.3 of the Listing Manual;
- (b) the Company is utilising the Enhanced Rights Issue Limit to undertake the Rights Issue;
- (c) the Issue Price of S\$0.0008 represents a discount of 20% to the closing price of S\$0.001 for each Share on 27 June 2017, being the immediate market day on which trades were recorded prior to the date of this announcement; and
- (d) the Company has not undertaken any equity fund raising exercise within one (1) year from the date of this announcement.

The Board is of the view that the Rights Issue is in the interest of the Company as it enables the Company to raise funds expediently for business expansion and working capital. The Board is also of the view that the Issue Price for the Rights Shares, priced at 20% discount to the last closing price of the Shares and 69% discount to its net asset value per Share of S\$0.0026 (unaudited) as of 31 March 2017 is sufficiently attractive to Shareholders.

8. INDICATIVE TIMETABLE

An indicative timetable for the Rights Issue will be provided to Shareholders in due course.

9. ADJUSTMENTS TO THE OUTSTANDING WARRANTS, THE OUTSTANDING SHARE OPTIONS AND THE OUTSTANDING SHARE AWARD

9.1 Adjustments to the Outstanding Warrants

The Rights Issue may constitute an event giving rise to an adjustment to the number of Outstanding Warrants which a holder of the Outstanding Warrants may be entitled to be issued with and/or the exercise price of the Outstanding Warrants pursuant to the deed poll dated 7 October 2014 constituting the Outstanding Warrants (the “**Deed Poll**”).

Any adjustment which is required will be made in accordance with the provisions of the Deed Poll to mitigate any potential equity dilution resulting from the Rights Issue and to ensure that the status of the holders of the Outstanding Warrants is not prejudiced thereafter. The rights and obligations of the holders of the Outstanding Warrants will remain unchanged, save for the adjustment to the number of Outstanding Warrants granted under the Deed Poll and/or the exercise price in respect of the Outstanding Warrants.

Should adjustments be required, the Company will in due course make the relevant announcements and notify holders of the Outstanding Warrants of such adjustments.

9.2 Adjustments to the Outstanding Share Options and the Outstanding Share Award

The Rights Issue may constitute an event giving rise to an adjustment to:

- (a) the number of Shares comprised in the Outstanding Share Options and/or the exercise price of the Outstanding Share Options; and/or
- (b) the number of Shares comprised in the Outstanding Share Award,

pursuant to the respective rules of the Company’s employee share option scheme and the performance share scheme.

Should adjustments be required, the Company will in due course make the relevant announcements and notify holders of the Outstanding Share Options or the Outstanding Share Award of such adjustments.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders has any interest, direct or indirect, in the Rights Issue other than their respective interests in the Shares, if any.

11. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

12. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution in trading in the Shares as there is no certainty or assurance that the Rights Issue will materialise.

Shareholders and investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

By Order of the Board
Innopac Holdings Limited

Wong Chin Yong
Chairman & CEO
28 June 2017