



REPLY TO SGX'S QUERIES ON THE COMPANY'S ANNOUNCEMENTS DATED 10 NOVEMBER 2017

Innopac Holdings Limited (the "Company") refers to SGX's 2 January 2018 queries on the Group's unaudited Q32017 results announced on 10 November 2017 and would like to reply as follows:

SGX Query 1:

In the Company's third quarter results announced on 10 November 2017 (the "Announcement"), "Administrative expenses" amounted to S\$311K, which contributed significantly to the 3Q2017 pre-tax loss of S\$436K. Please provide a breakdown to these expenses.

Reply 1:

"Administrative expenses" amounting to S\$311K comprised of:
(a) Staff costs, directors' fees and related expenses of S\$256,000;
(b) Group's audit and other related expenses of S\$32,000; and
(c) Other administrative expenses S\$23,000

The Company wishes to highlight that whilst the Administrative Expenses contributed largely for the 3Q2017 pre-tax loss, it has remained consistent with previous quarters. Administrative Expenses in Q32017 had reduced significantly by 20% over the last quarter in Q22017. Administrative expenses for Q1 to Q3 for year 2016 and 2017 are as follows:-

Administrative Expenses			
	\$' 000	\$' 000	\$' 000
Period per quarter	Quarter 1	Quarter 2	Quarter 3
2016	612	406	322
2017	316	391	311

SGX Query 2:

In the statement of comprehensive income, "Other expenses" in 3Q2017 amounted to a significant S\$131K. Please provide details and a breakdown of these "Other expenses" and also quantify the foreign currency denominated liabilities held by the Company that contributed to the expenses.

Reply 2:

"Other expenses" amounting to S\$131K comprised of:

Other Expenses

	Singapore	Foreign Currency
	Dollar	& Equivalent
Rental Costs	35,000	-
Travelling Expenses	14,000	-
Professional and Legal fees	23,000	¥115,000
Professional and Legal fees	4,000	MYR11,500
Professional and Legal fees	9,000	-
Total Professional and Legal Fee	36,000	-
Group's corporate expenses	33,000	-
Other Miscellaneous	9,000	MYR27,000
Other Miscellaneous	4,000	-
Total Other Miscellaneous Expenses	13,000	
Total Other Expenses	131,000	

The Company wishes to highlight that "Other Expenses" had increased slightly by \$11,000 in Q32017 as compared to Q22017, it was lower than Q12017 by 54%. However, it had reduced significantly as compared to Q32016 by 58%. The last three quarters of 2016 and 2017 are as follows:-

Other Expenses

	\$' 000	\$' 000	\$' 000
Period per quarter	Quarter 1	Quarter 2	Quarter 3
2016	50	401	311
2017	290	118	131

SGX Query 3:

In the Announcement, it was disclosed that as at 30 September 2017, the Group's investment in marketable securities and marketable instruments comprise an insignificant percentage of the Group's total assets and any changes in market factors will have negligible impact on the Group's profit or loss". Please identify and disclose the fair value of the Group's portfolio of marketable securities and marketable instruments as at latest practicable date.

Reply 3:**The Group's
Marketable Securities and Instruments**

<u>Name of investment in securities</u>	<u>Annica</u>	<u>Liongold</u>	<u>Blumont</u>	<u>Total</u>
Costs of investment as at 30.09.2017	\$444	\$16,740	\$33,000	\$50,184
Market price per share	\$0.001	\$0.001	\$0.002	
Number of shares	444	16,740	33,000	
Market price as at 29.12.2017 (latest applicable)	\$444	\$16,740	\$66,000	\$83,184

The Group's investment in marketable securities and marketable instruments of about S\$50,000 was an insignificant percentage of the Group's total assets of about S\$26million as at 30 September 2017, and any changes in market factors (prices) will have negligible impact on the Group's profit or loss.

SGX Query 4:

Given that the Group is primarily engaged in investments and provision of management services to related companies, the Company's disclosure that investments comprise an insignificant percentage of the Group's total assets and there are no revenue generated in the provision of management services to related companies, please note that the Company falls under the definition of a cash company that should be suspended as required under Listing Rule 1303(2). Kindly disclose this and comply accordingly.

Reply 4:

The Company wishes to clarify that the "investments that comprise an insignificant percentage of the Group's total asset" refers only to investments held for trading which comprises of marketable securities and financial instruments.

The Group has other investments in properties, joint ventures and available for sale investments which are as follows:-

Investment Properties: -

- 1) 48.3 acres industrial land in Tanjong Malim, Perak, Malaysia with book value of S\$7.1million (RM22 million)
- 2) Residential Property in Clear Water Residences, Kuala Lumpur, Malaysia with an book value of S\$1.2million (RM3.5million)
- 3) Cedana Condominium in Kuala Lumpur, Malaysia with book value of S\$1.12million (RM3.7million)
- 4) 2 shop house units in Taman Sungai Mas, Sabah, Malaysia with book value of S\$0.3million (RM0.80million); and

Investments in Joint Ventures:-

In a gold exploration project in the Kyrgyz Republic with an investment cost of S\$0.77million as at 30th September 2017.

Available- for- sale investments and other investments as at 30th September 2017:-

- 1) The rights to receive the net proceeds of 60 single family finished lots of land in Falling Water, Washington State, USA, with a book value of S\$4.6 million
- 2) A 35% equity investment in Trackplus Sdn Bhd with book value of S\$1.5 million
- 3) An investment of \$6 million as at 30th September 2017 in a microalgae cultivation and oil extraction joint venture.

Accordingly, the Company is not a cash company and Listing Rule 1303 (2) is not applicable.

By Order of the Board
Innopac Holdings Limited

Wong Chin Yong
Chairman & CEO

5 January 2018