



QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

INTRODUCTION

Innopac Holdings Limited (the “Company”) was placed on the financial criteria Watch-List pursuant to Rule 1311(1) of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) with effect from 3 June 2016. The Company will have to meet the requirements under Listing Rule 1314(1) within 36 months from 3 June 2016, failing which the SGX-ST would delist the Company or suspend trading in the Company’s shares with a view to delisting the Company. Listing Rule 1314(1) states that an issuer on the Watch-List may apply to the SGX-ST for its removal from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months.

The Company was also placed on the minimum trading price criterion Watch-List pursuant to Rule 1311(2) of the Listing Manual with effect from 5 June 2017. The Company will have to meet the requirement under Listing Rule 1314(2) within 36 months from 5 June 2017, failing which SGX-ST would delist the Company or suspend trading in the Company’s shares with a view to delisting the Company. Listing Rule 1314(2) states that the Company will be assessed by SGX-ST for removal from the Watch-List if it records volume-weighted average price of at least S\$0.20 and an average daily market capitalisation of S\$40 million or more over the last 6 months.

Rule 1313(2) of the Listing Manual, requires the Company to provide quarterly updates on its efforts and the progress made in meeting the exit criteria of the Watch-List, including where applicable its financial situation, its future direction, or other material development that may have a significant impact on its financial position.

The Board of Directors of the Company wishes to provide its Fifth Quarter 2017 (Q5 2017) update to its shareholders and investors as follows:

UNAUDITED FINANCIAL PERFORMANCE AND FINANCIAL POSITION

The Company had released the unaudited results for Q5 2017 for the Company and the Group on 14 June 2018. Full details can be found on the SGX-ST and the Company’s websites.

The Company wishes to highlight that the Group’s loss was S\$0.7 million in Q5 2017 (Q1 2017: loss of S\$0.6 million). Loss per share for the reported 15 months period ended 31 March 2018 was 0.07 cent (0.09 cent for the corresponding period ended 31 March 2017).

The Company wishes to highlight that as at 31 March 2018, the Group and the Company had net current liabilities of about S\$4.6 million and S\$0.36 million respectively. The Group’s net current liability position of S\$4.6 million is primarily due to about S\$12.3 million of payables to a financial institution incurred by two of the Group’s subsidiaries.

FUTURE DIRECTIONS / MATERIAL DEVELOPMENTS

The principal activities of the Company are those of investments and investments holding and the provision of management services to related companies.

The Company’s objective is to build a portfolio of businesses and investments that can deliver consistent profits and cash flow as well as growth potential.

As at the date of this update, the Company's investment portfolio consists of:

I. Joint-venture

Gold exploration and exploitation Joint Venture in the Kyrgyz Republic

The Company through its wholly-owned subsidiary, Golden Eagle Mining Pte Ltd, has a 50% equity interest in Artel Trade LLC ("Artel"), a Kyrgyz company which has a 63.72 sq. km. gold exploration and exploitation concession in the Kyrgyz Republic. Subject to the availability of working capital, the proposed work program for 2018 shall focus on samples collection, analysis and trial processing of the alluvial deposit.

II. Investment Properties and Other investments

On 17 January 2018, the Group announced the sale of its entire 35% equity interest in Trackplus Sdn Bhd, a special purpose vehicle company principally engaged in the business of property development on a parcel of land with an area of approximately 7,863 square meters at Section 13, Shah Alam, Selangor, Malaysia for a total cash consideration of S\$1.0 million which has since been completed.

The Group's other investments are (i) a JV in China, (ii) the Sawyer Falls property rights in USA, (iii) the microalgae cultivation JV, (iv) a condominium apartment in Kuala Lumpur, Malaysia, (v) 2 shop houses in Sabah, Malaysia, and (vi) through its wholly-owned subsidiary, Awana Rentak Sdn Bhd, ownership of a 48.3 acres (about 2.1 million square feet) industrial 99-year leasehold land (expiring on 12 February 2106) in Tanjung Malim, Perak, Malaysia.

Fund Raising

On 27 April 2018, the Company entered into a share placement agreement with KGI Securities (Singapore) Pte. Ltd. ("KGI Securities") to procure subscribers on a best effort basis for up to 5,000,000,000 new ordinary shares of the Company at a minimum average price of S\$0.001 per new ordinary share (the "Proposed Placement").

On 30 May 2018, the Company announced that KGI (Securities) has procured subscribers to subscribe for the Proposed Placement. KGI Securities also informed the Company that upon completion of the Proposed Placement, a change in the controlling shareholder of the Company would result.

The Proposed Placement is subject to shareholders' approval and the Company was preparing its documentation for submission to the SGX for approval of the Proposed Placement.

However, on 1 June 2018, the Company received a letter from solicitors acting on behalf of Saxo Bank A/S ("Saxo Bank") demanding for payment of approximately S\$14.7 million from the Company. The Company having taken legal advice, denies that the claim by Saxo Bank against the Company is valid. The liabilities forming the subject matter of the claim by Saxo Bank were incurred by the Company's subsidiaries, namely Heritage Investment Corporation and Wang Da Investment Limited, and not the Company.

Due to the claim by Saxo Bank, the Company has been unable to proceed with the Proposed Placement.

Given the Company's inability to proceed with the Proposed Placement as a result of the claim by Saxo Bank, the Company is considering various options to dispose the investment properties and other investments in order to raise working capital for the Company.

The Company will update shareholders when there are material developments, if any, relating to the claim by Saxo Bank, the Proposed Placement and the disposal of the investment properties and other investments.

Shareholders and potential investors are advised to exercise caution when dealing with the shares of the Company in relation to this announcement.

By order of the Board
INNOPAC HOLDINGS LIMITED

Wong Chin Yong
Chairman & CEO
25 June 2018