



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

FURTHER INFORMATION ON GROUP UNAUDITED FULL YEAR 2007 RESULTS ANNOUNCED ON 25 JANUARY 2008 : (1) GOODWILL, AND (2) DISPOSAL OF A SUBSIDIARY

The Board of Directors ("the Board") of Inno-Pacific Holdings Ltd (the "Company") refers to the Company's announcement of its Group unaudited full year 2007 results released on 25 January 2008.

1. GOODWILL

Goodwill on consolidation arose from acquisition of 70% shareholding in Mega Highlights Sdn Bhd ("MH") and 57.14% shareholding in Alstra Pacific Pte Ltd ("AP"). These acquisitions were announced on 21 August 2007 and 17 July 2007, respectively.

Since 2005, the Group owned 30% of the issued share capital in Mega Highlights Sdn Bhd ("MH"). Pursuant to a Loan Agreement and Supplemental Agreement dated 28 November 2005 and 6 September 2006, respectively ("the Agreements"), the Group had loaned Malaysian Ringgit ("RM")2.5 million to MH ("the Loan"). The Loan was guaranteed by Mr. Khoriri, a shareholder of MH, and a pledge of his 100,000 ordinary shares (the "Pledged Shares"), representing 70% shareholding of MH, as security for the repayment of the Loan by MH to the Group. The Loan, together with all interest accrued thereon, was due and repayable in full by 30 June 2007. MH had defaulted on the Agreements and the repayment of the Loan. Consequently the Group enforced its rights under the Agreements and the Pledged Shares were transferred to the Group.

Subsequently, MH agreed to settle part of the Loan amounting to RM2 million by the allotment and issuance of 2 million new ordinary shares in the capital of MH at RM1.00 each to the Group. As a result of the transfer of the Pledged Shares and the allotment and issuance of the new shares, MH became a wholly owned subsidiary of the Group.

Additional Goodwill amounting to S\$4,121,000 arose from the above.

The acquisition of the balance 57.14% shareholding in AP was completed on 7 August 2007 and resulted in AP becoming a wholly owned subsidiary of the Group.

Goodwill arising from the AP acquisition amounted to S\$265,000.

Together with its opening balance of S\$122,000, Goodwill as at 31 December 2007 stood at S\$4,508,000.

2. DISPOSAL OF A SUBSIDIARY

The Company wishes to announce that Mega Commercial Vehicle Sdn Bhd ("MCV"), an indirect subsidiary of the Group through its holding in MH, was disposed on 4 June 2007.

The principal activities of MCV were to manufacture, assemble, marketing and provision of services for buses and associated transport equipment. MCV had been incurring losses in the past few years. It had accumulated losses of RM66 million, and its net liability exceeded RM18 million as at 31 May 2007. Its net liability comprised mainly of bank loan and its related loan interests and amounts due to other creditors. In view of its financial position, MH's Board of Directors decided, with the consent of the Company, to dispose of it.

The value of the sale was determined after taking into consideration the following factors:-

- (a) MCV had been incurring losses,
- (b) MCV had large net liability, and
- (c) it would require significant capital injection to turn MCV around.

In view of these factors, the MH's Board of Directors resolved and disposed of it at a nominal consideration of RM1.00 to En. Mohamed Azhar bin Haron, a party unrelated to the Group and its Directors. The sale consideration was received in cash.

By Order of the Board

Wong Chin Yong
Managing Director

30 January 2008