

INNO-PACIFIC HOLDINGS LTD
(Company Registration Number 197301788K)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF A 35% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF TRACKPLUS SDN BHD

1. Introduction

The Board of Directors of Inno-Pacific Holdings Ltd (the “**Company**”) is pleased to announce that it had today entered into a conditional sale and purchase agreement (the “**Trackplus Sale and Purchase Agreement**”) with Tria Holdings Pte. Ltd. (“**Tria Holdings**”) as the vendor and Adroit Innovations Limited (“**Adroit**”) as the guarantor for the proposed acquisition of 1,610,000 ordinary shares (the “**Trackplus Sale Shares**”), representing 35% of the issued and paid-up share capital of Trackplus Sdn Bhd (“**Trackplus**”) for a purchase consideration of MYR5,250,000 (approximately S\$2,202,828¹) (the “**Trackplus Acquisition**”).

Trackplus is a special purpose vehicle company and owns a parcel of land with an area of approximately 7,863 square metres at Section 13, Town of Shan Alam, Selangor, Malaysia (“the **Land**”). Trackplus intends to construct a service apartment of approximately 194 units, with common facilities and services including car parking lots, lobby, security, swimming pool, gymnasium, surau, changing rooms, barbeque area, meeting rooms and management office.

2. The Purchase Consideration

The purchase consideration of MYR5,250,000 (approximately S\$2,202,828) (the “**Trackplus Purchase Consideration**”) was arrived at following arms length negotiations and on a willing-seller, willing-buyer basis and after taking into consideration of the value of the Land that Trackplus owns. The valuation of the Land was carried out by an independent registered valuer, Jordan Lee & Jaafar Sdn Bhd (“**JLJ**”). The Valuation Report issued by JLJ dated 14 January 2011 confirms that the Land’s market value was MYR15,150,000.

The Trackplus Purchase Consideration will be wholly satisfied by the allotment and issue of 220,282,800 ordinary shares in the capital of the Company (the “**Trackplus Consideration Shares**”) to Tria Holdings at an issue price of S\$0.01 for each Trackplus Consideration Share.

The Trackplus Consideration Shares shall, when allotted and issued, rank *pari passu* in all respects with the existing shares in the share capital of the Company save that it shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or prior to the date of completion of the issue of the Trackplus Consideration Shares.

¹ Unless otherwise stated in this announcement, an exchange rate of S\$1.00 to MYR2.3833 has been used to convert Malaysian Ringgits to Singapore Dollars.

The Company will apply to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Trackplus Consideration Shares on the Main Board of the SGX-ST.

3. Conditions Precedent

Completion of the Trackplus Acquisition is conditional upon, *inter alia*, the following:-

- (a) the Company being satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on Trackplus including without limitation the title to and the status and condition of the properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations, records, financial position, accounts, results, legal and corporate structure of Trackplus and any other information disclosed to the Company;
- (b) the Company receiving the following approvals from its shareholders at an extraordinary general meeting to be convened:-
 - (i) the purchase of the Trackplus Sale Shares; and
 - (ii) the allotment and issue of the Trackplus Consideration Shares to Tria Holdings;
- (c) approval in-principle being obtained from the SGX-ST for the admission and dealing and quotation of the Consideration Shares on the Main Board of SGX-ST;
- (d) the offer information statement, which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 being lodged by the Company and accepted by the Monetary Authority of Singapore;
- (e) there being no change in the issued and paid up capital of Trackplus and the Sale Shares represent 35% of the issued and paid up capital of Trackplus on completion; and
- (f) Tria Holdings agreeing to enter into a Shareholders’ Agreement (as defined in paragraph 5 of this announcement) with the Company.

If any of the aforesaid conditions precedent is not fulfilled or waived by mutual consent of the parties by 31 May 2011 (or such other date as the parties may agree in writing), the Trackplus Sale and Purchase Agreement shall, *ipso facto*, cease and determine and save for any antecedent breach, neither party shall have any claim whatsoever against the other party for costs, damages, compensation or anything whatsoever.

4. Guarantee

Tria Holdings is a wholly owned subsidiary of Adroit. Adroit is a public company whose shares are listed and quoted on the Main Board of the SGX-ST.

Under the Trackplus Sale and Purchase Agreement, Adroit irrevocably and unconditionally guarantees as a primary obligor to the Company the due and punctual performance by Tria Holdings of the undertakings, agreements and other obligations on the part of Tria Holdings to be performed under the Trackplus Sale and Purchase Agreement, including without limitation, the full and prompt discharge by it of all obligations and liabilities now or in future due, owing or incurred, or expressed or intended to be due, owing or incurred, to the Company by Tria Holdings under the Trackplus Sale and Purchase Agreement (the “**Guaranteed Obligations**”). Adroit further undertook to the Company that if and whenever Tria Holdings shall make any default in any such Guaranteed Obligations, it will as a separate and independent obligation, perform and comply with such Guaranteed Obligations, as if it were Tria Holdings.

5. Shareholders’ Agreement

Under the terms and conditions of the Trackplus Sale and Purchase Agreement, completion of the Trackplus Acquisition is conditional upon, *inter alia*, the Company entering into a shareholders’ agreement with Tria Holdings to record the financial, managerial, administrative and other arrangements as may be agreed between the Company and Tria Holdings in relation to their participation in Trackplus and the manner in which the affairs of Trackplus will be regulated (the “**Shareholders’ Agreement**”).

The salient terms of the Shareholders’ Agreement are as follows:-

(a) Shareholdings.

Trackplus will not issue any new shares without first offering to each of the Company and Tria Holdings, which is for the time being a shareholder of Trackplus, the new shares to be issued in proportion (as nearly as circumstances permit) to their respective shareholdings in order to prevent any dilution.

(b) Board of Directors

The Company will be entitled to appoint one (1) person to the Board of Directors of Trackplus. Tria Holdings will be entitled to appoint three (3) persons to the Board of Directors of Trackplus.

(c) Fundamental Board Resolutions

None of the following matters may be carried out by the Board of Directors of Trackplus unless approved by the director appointed by the Company and at least one (1) director appointed by Tria Holdings, or as the case may be, their alternates:-

- a proposal to (i) create assume or incur, or become liable in respect of any indebtedness in excess of MYR5,000,000 or its equivalent in foreign currency, other than trade indebtedness in the ordinary course of business

or (ii) make loans or provide guarantees, or otherwise extend or pledge credit to others, except endorsements and extensions of credit in the ordinary course of operations of Trackplus;

- a proposal to enter into any contract or commitment (other than contracts made in the ordinary course of business) involving expenditures reasonably estimated to be in excess of MYR5,000,000 or its equivalent in foreign currency;
- proposal to recommend payment of dividends;
- proposal to increase the authorised or the issued and paid up capital of the Company or allotment to subscribe for new shares in the capital of Trackplus;
- employment of any senior executive of Trackplus; or
- proposal to diversify the business of Trackplus.

(d) Fundamental Shareholders' Resolutions

None of the following matters may be carried out by a resolution of the shareholders of Trackplus at a general meeting unless approved by both the Company and Tria Holdings:-

- merger sale lease transfer or disposition of the whole or substantially the whole of the undertaking or assets of Trackplus;
- proposal to recommend payment of dividends;
- any change in Trackplus's business activities;
- dissolution liquidation or winding up of the business of Trackplus;
- any alteration of or amendment to the Memorandum and Articles of Association of Trackplus;
- creation or issue of any new shares or loan capital or any option in respect of such shares or loan capital of Trackplus; and
- amalgamation or merger of Trackplus with any other company or companies.

(e) Dividend Policy

The Company and Tria Holdings may exercise their powers for the time being as shareholders of Trackplus to procure Trackplus to declare and pay as dividends to the shareholders such amount of its profits earned by Trackplus as may be agreed by the Company and Tria Holdings.

(f) Sale of Shares

Neither the Company nor Tria Holdings may sell its shares in the capital of Trackplus without first offering the same to the other by way of a right of first refusal. In addition, any party to the Shareholders' Agreement may sell its shares to a third party and the selling shareholder is also obliged to procure such third party to purchase the remaining shares held by the other shareholder.

6. Information on Trackplus

Trackplus is a private limited company incorporated in Malaysia on 28 October 1999. The registered office of Trackplus is at No. 177-3, Floor 3, Jalan Sarjana, Taman Connaught, Cheras, 56000 Kuala Lumpur, Malaysia.

As at the date of the Trackplus Sale and Purchase Agreement, Trackplus has an authorised capital of MYR5,000,000 comprising 5,000,000 ordinary shares of MYR1.00 each of which MYR4,600,000 comprising 4,600,000 ordinary shares of MYR1.00 each have been issued and are fully paid up.

Tria Holdings is the registered and beneficial owner of the entire issued and paid up capital of Trackplus.

Following completion of the Trackplus Acquisition, the Company will hold 35% of the issued and paid up capital of Trackplus and Tria Holdings will hold the remaining 65%.

Trackplus is a special purpose vehicle company which owns a parcel of land with an area of approximately 7,863 square metres at Section 13, Town of Shan Alam, Selangor, Malaysia ("the **Land**"). The Land is located within Shah Alam, Selangor, fronting onto Persiaran Sukan, and lies approximately 18km to the south west of the Kuala Lumpur city, Malaysia. Prominent landmarks located within the vicinity are Wisma Maritime, Shah Alam Stadium and Shah Alam Giant hypermart. The Land is held under a leasehold title for 99 years expiring on 22 January 2102.

Based on the audited accounts of Trackplus for its financial year ended 31 December 2009, the net tangible asset value and the net loss after tax of Trackplus was MYR4,388,351 and MYR81,253 respectively.

Based on the unaudited accounts of Trackplus for its financial year ended 31 December 2010, the net tangible asset value and the net loss after tax of Trackplus was MYR4,321,210 and MYR67,141 respectively.

7. Relative Figures under Chapter 10 of the Listing Manual

The relative figures of the Trackplus Acquisition, computed according to Rule 1006(a) to (d) of Chapter 10 of the Listing Manual based on the Trackplus Acquisition and the Company's latest published unaudited consolidated financial statements for its financial year ended 31 December 2010, are as follows:-

	The Trackplus Acquisition	The Group	
(a) Net asset value of the assets to be disposed of compared with the Group's net asset value as at 31 December 2010	NA	NA	NA
(b) The net (loss)/profit ⁽¹⁾ attributable to the assets acquired compared with the Group's net profits for its financial year ended 31 December 2010	(S\$9,860) ⁽²⁾	S\$7,746,000	Not meaningful
(c) Aggregate value of the consideration compared with the Company's market capitalisation as at 16 February 2011	S\$6,858,069 ⁽³⁾	S\$ 14,012,453 ⁽⁴⁾	48.94%
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	220,282,800	1,401,245,285	15.72%

Notes:-

- (1) Net (loss)/profit is defined as (loss)/profit before income tax, minority interests and extraordinary items.
- (2) The net loss of Trackplus is based on 35% of its unaudited net loss for its financial year ended 31 December 2010. Trackplus recorded an unaudited net loss of MYR67,141 (approximately S\$28,171) for its financial year ended 31 December 2010.
- (3) The value of the consideration is based on 220,282,800 Trackplus Consideration Shares multiplied by the net asset value of the shares of the Company of S\$0.0311 per share which is based on the unaudited consolidated financial statements of the Company for its financial year ended 31 December 2010 after taking into consideration the 215,000,000 shares placement completed in January 2011.
- (4) The market capitalisation of the Company was determined by multiplying the number of issued shares, being 1,401,245,285 shares, by the weighted average price of such shares transacted on 16 February 2011 of S\$0.01 per share (being the market day preceding the date of the execution of the Trackplus Sale and Purchase Agreement).

As the relative figure under Rule 1006(c) of the Listing Manual as computed above exceeds 20%, the Trackplus Acquisition constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Trackplus Acquisition is subject to the approval of the shareholders of the Company.

8. Rationale for the Trackplus Acquisition

The Company is of the view that the proposed investment in Trackplus is an opportunity to participate in the growing Malaysian real estate market, alongside an experienced and successful partner.

The Company also believes that the proposed investment in Trackplus will result in positive returns to the Group.

9. Financial Effects of the Trackplus Acquisition

For illustration purposes only, based on the latest published unaudited consolidated financial statements of the Company for its financial year ended 31 December 2010 and the unaudited financial statements of Trackplus for its financial year ended 31 December 2010, the financial effects of the Trackplus Acquisition on the Group will be as follows:-

(a) Share Capital

The issued and paid-up share capital of the Company before and after completion of the Trackplus Acquisition is as follows:-

	No. of shares	Amount S\$
Issued and paid-up share capital of the Company as at 31 December 2010	1,186,245,285	54,898,137
Issued and paid-up share capital of the Company as at the date of this announcement	1,401,245,285	56,818,137
Number of Trackplus Considerations Shares to be allotted and issued pursuant to the Trackplus Acquisition	220,282,800	2,202,828
Issued and paid-up share capital of the Company immediately after completion of the Trackplus Acquisition	1,621,528,085	59,020,965

(b) Net Tangible Asset (“NTA”) per share

Assuming that the Trackplus Acquisition had been completed on 31 December 2010, the Trackplus Acquisition would have the following impact on the NTA per share of the Group:-

	Before allotment of the Trackplus Consideration Shares	After allotment of the Trackplus Consideration Shares
Number of shares	1,401,245,285 ⁽¹⁾	1,621,528,085
NTA per share before the Trackplus Acquisition	3.11 cents	2.69 cents
NTA per share after the Trackplus Acquisition	3.27 cents	2.83 cents

Note:

- (1) The number of shares includes 100,000,000 shares and 215,000,000 shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.

(c) Earnings per share (“EPS”)

Assuming that the Trackplus Acquisition had been completed on 1 January 2010, the Trackplus Acquisition would have the following impact on the EPS of the Group:-

	Before allotment of the Trackplus Consideration Shares	After allotment of the Trackplus Consideration Shares
Number of shares	1,401,245,285 ⁽¹⁾	1,621,528,085
EPS before the Trackplus Acquisition	0.48 cents ⁽²⁾	0.41 cents
EPS after the Trackplus Acquisition	0.48 cents ⁽²⁾	0.41 cents

Notes:

- (1) The number of shares includes 100,000,000 shares and 215,000,000 shares which were placed out by the Company to various subscribers in April 2010 and January 2011 respectively.
- (2) For calculation of EPS, it was assumed that the number of shares referred to in note (1) have been issued at the beginning of the financial year and no income contribution from the proceeds of the issue of such shares have been taken into consideration.

10. Representation on the Board of the Company

No persons will be appointed to the Board of the Company by Tria Holdings in connection with the Trackplus Acquisition.

11. Interests of Tria Holdings or Adroit in the Company

Neither Tria Holdings nor Adroit has any interest, direct or indirect, in the Company or in the shares of the Company.

12. Interests of Directors and Controlling Shareholders

None of the Directors or controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Trackplus Acquisition.

13. Circular

A circular containing, *inter alia*, details of the Trackplus Acquisition and enclosing a notice of the extraordinary general meeting in connection therewith will be despatched to shareholders in due course.

14. Documents for Inspection

A copy of the Trackplus Sale and Purchase Agreement will be made available for inspection at the Company's registered office at 190 Middle Road #19-07 Fortune Centre Singapore 188979 during normal business hours for a period of three months from the date of this announcement.

By Order of the Board
Inno- Pacific Holdings Ltd

WONG CHIN YONG
Chief Executive Officer

17 February 2011