

**INNO-PACIFIC HOLDINGS LTD**  
**(Company Registration No. 197301788K)**

**SUBSCRIPTION OF SHARES IN ALSTRA PACIFIC PTE LTD**

The Board of Directors of Inno-Pacific Holdings Ltd (the "Company") wishes to announce that its wholly owned subsidiary, PG Communications Pte Ltd ("PG Communications"), had on 20 July 2006, entered into a subscription and shareholders' agreement (the "Subscription Agreement") with Alstra Pacific Pte Ltd ("Alstra Pacific") and all its shareholders (collectively the "Existing Shareholders").

Pursuant to the Subscription Agreement, PG Communications will subscribe for 225,000 new ordinary shares in the capital of Alstra Pacific, representing 42.857% of the resultant enlarged issued shares in the capital of Alstra Pacific (the "Subscription") at an issue price of S\$1.00 for each new ordinary share, making an aggregate of S\$225,000 (the "Subscription Price").

The Subscription Price will be satisfied by cash in the following manner:-

- (a) S\$125,000 shall be paid to Alstra Pacific on completion; and
- (b) the balance S\$100,000 shall be paid to Alstra Pacific upon completion of the research and development of hosted solutions and services to be enabled on Alstra Pacific's or PG Communications's system or as a standalone solution.

Pursuant to the Subscription Agreement, the Existing Shareholders jointly and severally grant to PG Communications a put option pursuant to which PG Communications may require the Existing Shareholders to jointly and/or severally purchase from PG Communications the 225,000 new ordinary shares allotted and issued to PG Communications. PG Communications may exercise the Put Option at any time after 30 June 2007 and only in the event that the Alstra Pacific failed to or does not (for any reason whatsoever) complete the research and development of hosted solutions and services by 30 June 2007.

Alstra Pacific was incorporated on 5 March 1999 in Singapore under the name Biztech Multimedia Pte Ltd and carrying on the business of providing audio text premium service numbers. It changed its name to Power Mobile Pte Ltd on 8 January 2001 and to Alstra Pacific Pte Ltd on 11 November 2005.

It is a licensed Service Based Operator with a focus to provide hosted solutions to the growing telecommunications market worldwide. Besides using a state of art telecom architecture, Alstra Pacific is also embarking on research and development to empower the hosted solutions to offer more valued added services through a hosted web portal to extend the service offerings to web conference, virtual office and internet call shops.

The Company considers the aggregate Subscription Price as reasonable after taking into consideration the growth potential of the hosted solutions market and the development being undertaken by Alstra Pacific and is confident that the synergistic effect will allow it to add new services to the retail market locally and globally.

Based on Alstra Pacific's management accounts as at 30 April 2006, the unaudited value of the assets were:

Book Value of Assets	S\$35,944
Net Tangible Assets	S\$35,944

Pursuant to the Subscription Agreement PG Communications has the power to govern the financial and operating policies of Alstra Pacific and therefore under the Financial Reporting Standard 27, Alstra Pacific is considered an indirect subsidiary of the Company.

Submitted by  
Ivy Lim Sze Chern  
Company Secretary  
for and on behalf of the Board of Directors  
Inno-Pacific Holdings Ltd  
20 July 2006