

ANNOUNCEMENT

INNO-PACIFIC HOLDINGS LTD (THE "COMPANY")

Business Registration Number: 197301788K

SINGAPORE EXCHANGE LIMITED QUERIES ON THE ANNOUNCEMENT OF SUBSCRIPTION OF SHARES IN MEGA HIGHLIGHTS SDN BHD ("MEGA HIGHLIGHTS") DATED 28TH NOVEMBER 2005

In response to the letter from Singapore Exchange Ltd dated 29 November 2005, the Company wishes to provide the following information:

- (a) To provide the factors taken into consideration in arriving at the aggregate subscription price of RM42,857.00 for a 30% stake in Mega Highlights and how it will be satisfied, including terms of payments as required under Rule 1010(3) of the Listing Manual;**

The Company, through its wholly-owned subsidiary, Awana Rentak Sdn Bhd ("ARSB"), subscribed for 42,857 new ordinary shares of RM1.00 each in Mega Highlights, representing 30% of its enlarged issued share capital, at par. The Company considers the aggregate subscription price of RM42,857.00 as reasonable after taking into consideration the potential of Mega Highlights business prospects. As mentioned in the Company's announcement dated 28 November 2005, the subscription consideration will be satisfied by cash on signing of the Subscription Agreement.

- (b) To provide the value of the assets acquired as required in Rule 1010(5) of the Listing Manual;**

Based on Mega Highlights' management accounts as at 31 October 2005, the unaudited value of the assets were:

Book Value of Assets	RM245,315
Net Tangible Assets / (Liabilities)	(RM1,079,122)

- (c) The other shareholders and their respective equity interests in Mega Highlights;**

Prior to the subscription, Mr Khoriri bin Hj. Abu Sabri ("Mr Khoriri") was the sole shareholder of Mega Highlights, holding 100,000 ordinary shares of RM1.00 each with 1 share being held by a nominee shareholder. Following the subscription, Mr Khoriri's equity interests in Mega Highlights will be diluted from 100% to 70% as follows:

Mr. Khoriri bin Hj. Abu Sabri	- 100,000 ordinary shares
Awana Rentak Sdn Bhd	- 42,857 ordinary shares

- (d) Whether any of the shareholders of Mega Highlights have any shareholding interest, direct or indirect, in the Company;**

To the best of our knowledge, none of the shareholders of Mega Highlights has any shareholding interest, direct or indirect, in the Company.

(e) With regard to the Loan Agreement entered into between ARSB, Mega Highlights and Mr Khoriri, please address the following:

(i) Since the Company will only have a 30% stake in Mega Highlights, to provide the rationale for the Company providing an interest-free loan of up to RM2million to Mega Highlights;

The consideration of RM42,857.00 for the 30% stake in Mega Highlights is nominal relative to the intangible and intrinsic values of Mega Highlights' full automobile manufacturing license and its 48.3 acres Megapoint site. The interest-free loan of up to RM2million is a condition for the ARSB's subscription. The interest-free loan of up to RM2million is for the sole purpose of developing the Megapoint site which will accordingly also enhance its value.

If the interest-free loan of RM2 million is aggregated as a consideration for the 30% stake, it will represent approximately 8.9% of the Company's market capitalisation of S\$10,238,015 as at close of market on 25th November 2005 which does not exceed 20% of the market capitalisation of the Company and accordingly, does not require the approval of the Company's shareholders.

(ii) To disclose whether the Loan is convertible into shares/securities of Mega Highlights, if so;

The Loan is not convertible into shares/securities of Mega Highlights.

(aa) To disclose the terms of the conversion (ie the conversion price, conditions under which the conversion will/can take place, at whose discretion can the conversion be effected etc);

The Loan is not convertible but as mentioned above.

The Loan is repayable on demand and Mr Khoriri has irrevocably and unconditionally guaranteed the due and punctual repayment of the Loan by Mega Highlights. In addition, the Loan is secured by an equitable charge of all his shares in the capital of Mega Highlights in respect of 100,000 shares of RM1.00 each.

(bb) To disclose the outstanding information required under Rule 1010 of the Listing Manual.

Saved as disclosed above, all information required under Rule 1010 of the Listing Manual has been disclosed in the Company's announcement dated 28 November 2005.

BY ORDER OF THE BOARD
INNO-PACIFIC HOLDINGS LTD

WONG CHIN YONG
Managing Director
30th November 2005