INNOPAC HOLDINGS LIMITED
(Company Registration No. 197301788K)

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

Introduction

Innopac Holdings Limited (the "Company") was placed on the 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.

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 2016 – Fourth Quarter (Q4) and Full Year (FY) update to its shareholders and investors as follows:

Unaudited Financial Performance and Financial Position

The Company had released the unaudited results for 2016 Q4 and the full year ended 31 December 2016 for the Company and the Group on 1 March 2017. Full details can be found on the SGX-ST and the Company's websites.

We wish to highlight that the Group's loss had narrowed to S$3.5 million in FY2016 from S$50.6 million in FY2015 as investment trading activities, derivative instruments and other asset/liabilities, other income and administrative and other expenses improved, resulting in Loss per share decreasing to 0.08 cents in FY2016 from 1.12 cents in FY2015.

We also wish to highlight that as at yearend, 31 December 2016, the Group had a net current liability of about S$4.0 million. The Company had a net current asset of about S$0.5 million. The Group's net current liability position of S$4.0 million is primarily due to about S$13.0 million of trade and other payables to a creditor financial institution. The management is currently in discussion with this financial institution on the resolution of this payable.

Future Directions

The Company is an investment and investments holding company, with the aim of building a portfolio of businesses and investments that can deliver consistent profits and cash flow as well as growth potential. The Company currently is focusing on environmentally-friendly and green technologies, alternative and renewable and natural resources businesses.

The Company has three (3) main investments:

(1) Microalgae cultivation Joint Venture

The Company has a 70% equity interest in a joint venture with Primeforth Renewable Energy Limited ("Primeforth") to commercially cultivate microalgae for recovery of (microalgae) oil and meal. The oil will be of fuel oil grade and the meal for feed.

The joint venture's first project is budgeted at US$12.5 million which will be provided by the Company, whilst Primeforth will provide the intellectual property, know-hows and operation capability**.**

The Company started making advances to the first project in Jan 2016 and has advanced a total of S$6.0 million for the first project. In May 2016 the Company informed Primeforth that it is unlikely to provide the full funding of US$12.5 million as contemplated in the joint venture agreement by November 2016.

Following discussions between the Company and Primeforth, it was agreed that the first project will be implemented in three (3) phases. The budget for Phase 1 is S$6.0 million. Site preparation which began in May 2016 is near completion, orders and supply of tanks, piping and other equipment which had to be re-negotiated and re-configured due to the down-sizing of the project have been finalised.

Barring any unforeseen circumstances and/or unexpected delays, the Company expects the joint venture company to commence commercial operations and generate revenue by mid-2017.

(2) Gold exploration and exploitation Joint Venture

The Company through its wholly-owned subsidiary, Golden Eagle Mining Pte Ltd, has a 50% equity and participating 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.

2016 work program has been limited to data analysis and mapping by Artel's local geologist, who has identified two prospective (2) areas within the concession for further exploration in 2017. One of the area lies in the north-western part of the concession and forms part of the Talas-Fergana fault and the other is an alluvial prospect in the Chatkal River.

The work program for 2017 is being prepared by local geologists for Artel's consideration and submission to the Geological Agency of the Kyrgyz Republic for approval. One of the main objective of the proposed 2017 work program is to include a test production program and to upgrade the alluvial gold reserves for registration in the State balance which will enable Artel to start commercial mining the alluvial gold.

(3) Recovered Carbon Black Joint Venture

The Company has 50% equity interest in Superior Carbontech & Solutions Sdn Bhd, a joint venture company with RC Carbon Sdn Bhd, to set up a Recovered Carbon Black ("rCB") production facility (the "Facility") to produce rCB from waste, end-of-life tyres char, and provide waste management and recycling solutions, engineering procurement construction and project management services, with the primary focus on recovery of valuable by-products and generation of renewable energy through a joint-venture company in Malaysia. The Facility would have an estimated capacity of up to 28,800 MT per annum on a 24 hours x 300 days operations. The joint venture company's first year's planned production is 12,000 MT.

The Group has been seeking for the necessary financing for the project. It is expected that the Facility will be completed, commissioned and commence operations within 6 months after the necessary financing has been obtained.

The Company is actively exploring to dispose of it its investment properties in Malaysia, JV in China and the Sawyer Falls property rights in USA, and focus on the three abovementioned joint-ventures.

Whilst the Company expects investments and business conditions to remain difficult and challenging, its remains optimistic that its investments are well positioned to be beneficial for its recovery and future. The Company is also currently evaluating several investments opportunities that could generate near term cash flow and profitability to the Group.

The Company's views on future direction are based on numerous assumptions regarding the Company's present and future business strategies and the future environment in which the Group will operate. These views necessarily involve risks, uncertainties and assumptions. Actual future performance can differ materially from the Company's views on future direction and macro trends.

By order of the Board
INNOPAC HOLDINGS LIMITED

Wong Chin Yong
Managing Director

Date: 10 March 2017