



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 update shareholders and investors as follows:

Unaudited Financial Performance and Financial Position

The Company has released the unaudited results for the Second Quarter (Q2) and Half Year (H1) ended 30 June 2016 for the Company and the Group on 12 August 2016. Full details can be founded on the SGX-ST and the Company's websites.

It is noteworthy that in H1 2016 the Group's loss narrowed to S\$1.0 million from S\$3.2 million in H1 2015 as investment trading activities, derivative instruments and other asset/liabilities, and other income improved resulting in Loss per share decreasing to 0.02 cents in H1 2016 from 0.07 cents in H1 2015.

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 JV'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 first project has started to build the farm and its ancillary facilities in Malaysia with funding of S\$4.6 million advanced by the Company.

The Company and Primeforth are in discussion on the balance funding of the first project as the Company had informed Primeforth that it is unlikely to provide the full funding of US\$12.5 million for the first project as contemplated in the joint venture agreement by November 2016. The discussions have considered seeking project financing, suppliers' credit, and/or EPC contractors' credit, or downsizing the project. The Company expects a final decision on the first project shortly.

The Company has been advised that the funds advanced is sufficient for the project to commence and generate revenue, albeit, on a reduced capacity. Barring any unforeseen circumstances and/or unexpected delays, the Company expects the joint venture company to commence commercial operations and generate revenue by November 2016.

(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 63.72 sq. km. gold exploration and exploitation concession in the Kyrgyz Republic.

Work program for 2016 is being prepared by Artel's local geologist for submission to the Geological Agency of the Kyrgyz Republic for approval. One of the main objective of the proposed 2016 work program is to upgrade the alluvial gold reserves to enable Artel to obtain the permits/license to mine and extract the alluvial gold deposit.

The Joint Venture is actively pursuing to start mining and extraction of the alluvial gold deposit that will generate cash flow and profitability.

(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 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 JVCO's first year's planned production is 12,000 MT. Barring any unforeseen circumstances and/or unexpected delays, it is expected that the Facility will be completed, commissioned and commence operations by March 2017.

The Company expects investments and business conditions to remain difficult and challenging. Major global economic growth remains anemic and the outlook is uncertain in spite of easy monetary policies of central banks. Historically low and the unprecedented negative interest rates policies have failed to spur economic growth and will likely lead to unexpected and disastrous consequences.

The Company believes that its three (3) main investments/joint-ventures are consistent with the macro trends subscribed by the Company.

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

15 August 2016