INNOPAC HOLDINGS LIMITED
(Company Registration Number 197301788K) (Incorporated in the Republic of Singapore)

MEMORANDUM OF UNDERSTANDING
ACQUISITION OF THE PARTIAL OR ENTIRE SHARE CAPITAL OF
FEC POWER SDN BHD

The Board of Directors ("**Board**") of Innopac Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered a non-binding Memorandum of Understanding ("**MOU**") with FEC Cables (M) Sdn Bhd ("**FCSB**") (the "**Vendor**") on [•] June 2021, in relation to the proposed acquisition (the "**Proposed Acquisition**") of the partial or entire share capital of FEC Power Sdn Bhd (the "**Target**").

The MOU sets out the preliminary terms and conditions which will form the broad basis of the definitive sale and purchase agreement, to be entered into in relation to the Proposed Acquisition.

INFORMATION ON PROPOSED ACQUISITION

The information on the Target and the Vendor was provided by the Vendor. In respect of such information, the Company and its Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context of the information disclosed in this Announcement.

Information on the Target

The Target, FEC Power Sdn Bhd, is a wholly-owned subsidiary of FEC Cables (M) Sdn Bhd, the Vendor. The Target Company is in the business of manufacturing and supplying of cables to the power, telecommunications and automotive industries.

Information on the Vendor

FCSB was first established in 1967 as Furukawa Electric Cables (M) Sdn Bhd, a subsidiary of Furukawa Electric Co., Ltd. of Japan (Furukawa Japan), which had the management and control of the operation.

Furukawa Electric (M) Sdn Bhd was renamed FEC Cables (M) Sdn Bhd in 2003 when it became one of the Permodalan Nasional Berhad ("PNB") companies. In November 2012, Forfen Sdn Bhd, which had extensive experience in the cable industry acquired 81% stake in FCSB from PNB. In May 2018, Forfen Sdn. Bhd. increased its stake in FCSB to 90%.

FCSB has benefited enormously from the initial technical collaboration with and technology transfer with Furukawa Japan. FCSB inherited from Furukawa Japan not only its advanced technology and know-how but also the discipline of producing quality cables using only material conforming to the international standard of cable manufacturing.

Today FCSB is prominently the forerunner in the Malaysian cable industry, providing cables to various sectors, namely, power, telecommunications, construction, oil & gas and automotive.

RATIONALE FOR THE PROPOSED ACQUISITION

The Company is an investment holding company and its shares have been listed on the Main Board of the Singapore Stock Exchange since 24 May 1983. The Company has 14,515

shareholders holding a total of 4,460,834,645 ordinary shares. The Company's shares was suspended from trading in June 2019 and a Notice of Delisting was received on or about 4 June 2019 from SGX-ST for failure to meet the Financial Watch-List criteria.
Since August 2019, the Company was helmed by the two current independent directors who were appointed in the same month. The Group has been operating without funds, management and staff, on top of defending the meritless claim from Saxo Bank A/S and other creditors.

The Board is very aware of the challenges that it faces ahead. Efforts to monetise its existing assets has not been successful to date due to a confluence of adverse factors including the lack of internal resources, weak demand exacerbated by COVID19 and the distraction of the Saxo Bank ongoing legal suit. The Board opines that the Proposed Acquisition shall provide the Company with a profitable and cash flow generating business that will ensure its viability and ability to operate as a going-concern.

THE PROPOSED ACQUISITION

The Company shall acquire part or all the issued ordinary shares in the capital of the Target from the Vendor, at a price/consideration to be determined.

The consideration for the Proposed Acquisition shall be satisfied through a combination of cash and the issuance of new ordinary shares in the Company.

The Vendor has proposed to provide a Profit Guarantee to the Company of Ringgit Malaysia Twenty Million (RM20,000,000) profit before tax per annum for three years for the Target (the "**Profit Guarantee**") based on the acquisition of the entire share capital of the Target. The Profit Guarantee shall be adjusted pro-rata in the event of partial acquisition.

Conditions Precedent

Completion of the Proposed Acquisition shall be conditional upon, amongst others, the following conditions (collectively, the "**Conditions Precedent**"):

(a) the conduct of a due diligence exercise by the Company on the Target (including but not limited to financial, business, legal and regulatory aspects), and the results thereof being satisfactory in the reasonable opinion of the Company;

(b) the receipt of all necessary regulatory approvals in Singapore having been obtained, including those from the SGX-ST, for the re-listing and resumption of trading of the Company's shares on the SGX-ST, and if such approval is subject to any conditions, such conditions being reasonably acceptable to the party to whom such approval applies, including but not limited to the receipt of approval-in-principle from the SGX-ST for the Proposed Acquisition and listing and quotation of the Consideration Shares on the SGX-ST;

(c) the approval of the independent Shareholders at the EGM for: (i) the Proposed Acquisition and the issue and allotment of the Consideration Shares; and (ii) the whitewash resolution for the waiver of the rights of the independent Shareholders to receive the mandatory general offer from the Vendors and their concert parties;

(d) the receipt by the Target of any applicable third party consents or waivers in connection with the Proposed Acquisition;

(e) the execution and delivery of the Definitive Agreements;

(f) the Corporate Exercise such as fund raising and scheme of arrangements that the Company will be proposing to carry out;

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, the substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Transactions, other than through their respective directorships and/or shareholdings in the Company.

CAUTIONARY STATEMENTS

The Company's continued operations as a going concern status is dependent on the Proposed Acquisition.

Shareholders, creditors and potential investors of the Company are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and noteholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests and to exercise caution when dealing in the securities of the Company. The completion of the Proposed Acquisition is subject to numerous conditions. **THERE IS NO CERTAINTY OR ASSURANCE AS AT THE DATE OF THIS ANNOUNCEMENT THAT CONDITIONS TO THE PROPOSED ACQUISITION WILL BE MET OR THAT THE PROPOSED ACQUISITION WILL BE APPROVED AND/OR COMPLETED**. The Company will make the necessary announcements when there are further developments. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
INNOPAC HOLDINGS LIMITED

Lim Heng Lin, Henry
Independent Director
Date: 8 Jun2021