

INNOPAC HOLDINGS LIMITED

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

MOU TO REDUCE THE ACQUISITION CONSIDERATION OF THE 81.8% EQUITY INTEREST IN EXTERA

The Board of Directors of Innopac Holdings Limited (the “Company”) is pleased to announce that the Company has today entered into a Memorandum of Understanding (“MOU”) with Rubic Prize Limited (“**Rubic**”).

The Company had in December 2013 acquired a 81.8% equity interest in Extera Pte Ltd (“**Extera**”) from Rubic for a total consideration of S\$17.1 million (the “**Consideration**”), which was settled with S\$7.2 million in cash and the issuance of 300,000,000 new ordinary shares in the Company (the “**Consideration Shares**”) at an issue price of S\$0.033. The Consideration Shares value was S\$9,900,000. Please refer to the announcements dated 1st, 23rd and 26th December 2013.

Extera’s only asset was its 90% equity interest in a Chinese joint-venture company, Dezhou Sheng Rong Gas Co. Ltd. (德州胜荣燃气有限公司) (“**SR**”). SR is principally engaged in the ownership and operation of compressed natural gas (“**CNG**”) refilling stations and natural gas supply and distribution business in the Shandong province, the People’s Republic of China (the “**PRC**”). At the time of the acquisition, Extera’s net identifiable assets was S\$3.4 million and a goodwill of S\$13.7 million was recognised by the Company.

The Consideration was arrived at after taking into consideration inter alia, representations from Rubic, the then contemplated plans and SR’s growth potential in the natural gas distribution business in the PRC. However, the representations by Rubic have not been met and despite the best efforts of both parties, the CNG business did not achieve the growth or returns anticipated. SR has ceased its CNG business in 2015. As a result, the Company had fully impaired the goodwill in FY 2015, and had been in negotiations with Rubic to adjust and reduce the Consideration paid.

The MOU proposes and contemplates that Rubic will adjust and reduce the Consideration by:

- 1) transferring its 18.2% equity interest in Extera to the Company; and
- 2) returning the Consideration Shares to the Company for either cancellation or otherwise as the Company may determine following advice from its professional advisors.

Upon finalisation of the documentation relating to the MOU, the Company will provide additional updates.

In the meantime, the Company urges shareholders and investors to exercise caution in relation to the dealing and trading of the shares of the Company.

By Order of the Board
Innopac Holdings Limited

Wong Chin Yong
CEO & Managing Director
28 March 2016