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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Innopac Holdings Limited (the "Company") wishes to announce that the independent auditors of the Company, Moore Stephens LLP (the "Auditors"), have issued a disclaimer of opinion in the Independent Auditors' Report for the financial statements of the Company and the Group for the financial year ended 31 December 2014. Please refer to a copy of the aforesaid Independent Auditors' Report, together with the extract of the relevant notes to the Financial Statements, annexed to this announcement for further information.

By Order of the Board
Innopac Holdings Limited

Stanley Chu
Company Secretary
9 April 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INNOPAC HOLDINGS LIMITED

1 We were engaged to audit the accompanying financial statements of Innopac Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), as set out on pages 26 to 88, which comprise the balance sheets of the Group and the Company as at 31 December 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

3 Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Impairment of Cost of Investment and Goodwill

4 As at 31 December 2014, included in the Company's balance sheet is a cost of investment in a subsidiary, Extera Pte Ltd ("Extera") of S$17,100,000 (Note 10) and included in the consolidated balance sheet is goodwill arising from the acquisition of Extera of S$13,709,000 (Note 11). As disclosed in Note 11, the management has prepared a discounted cash flow ("Forecasts") to determine the recoverable amount of the Company's cost of investment in the subsidiary of S$17,100,000 and the Group's goodwill of S$13,709,000 and was of the view that no impairment was necessary.

5 As at the date of this report, we were unable to obtain sufficient information from management or obtain other forms of audit evidence concerning the reasonableness of the key assumptions made in the Forecasts. There were no practicable alternative audit procedures that we could carry out to ascertain the reasonableness of those key assumptions used in the Forecasts and to satisfy ourselves that no impairment loss is required for the Company's cost of investment in the subsidiary of S$17,100,000 included in the Company's balance sheet and the Group's goodwill of S$13,709,000 included in the consolidated balance sheet as at 31 December 2014. Any adjustments to these amounts may have a significant consequential effect on the financial position of the Company and the Group as at 31 December 2014 and the results of the Group for the financial year then ended.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INNOPAC HOLDINGS LIMITED

Basis for Disclaimer of Opinion (cont'd)

Impairment of Trade Receivables

6 As disclosed in Note 19 to the financial statements, the Company and Group have a net trade receivables of S$30,855,000 (included in Note 20) arising from the sale of certain marketable securities of which the counterparty had provided collaterals as part of the sale and purchase agreement. As at 31 December 2014, the Company and Group made an impairment loss of S$26,653,000. Management is of the opinion that no further impairment is required.

7 As at the date of this report, we were unable to obtain sufficient appropriate audit evidence regarding the reasonableness of the assumptions used to estimate the impairment loss of S$26,653,000 made in the consolidated statement of comprehensive income, nor were we able to carry out normal audit procedures to satisfy ourselves as to the appropriateness of the net trade receivable of S$30,855,000 in the balance sheets of the Company and the Group as at 31 December 2014. Any adjustments to these amounts may have a significant consequential effect on the financial position of the Company and the Group as at 31 December 2014 and the results of the Group for the financial year then ended.

Disclaimer of Opinion

8 Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 7, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

9 In our opinion, the accounting and other records required by the Act to be kept by the Company and those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP

Public Accountants and
Chartered Accountants

Singapore
8 April 2015

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EXTRACTS OF THE NOTES TO THE FINANCIAL STATEMENTS

10 Subsidiaries

	Company	
	2014	2013
	S$'000	S$'000
Unquoted equity shares	27,866	27,866
Less: Allowance for impairment loss	(3,362)	(3,362)
	24,504	24,504

Movement in unquoted equity shares:

	Company	
	2014	2013
	S$'000	S$'000
Balance as at 1 January	27,866	10,766
Acquisition/Incorporation of subsidiaries	-	17,100*
Balance as at 31 December	27,866	27,866

*Cost of investment in Extera Pte Ltd ("Extera")

Movement in allowance for impairment loss are as follows:

	Company	
	2014	2013
	S$'000	S$'000
Balance as at 1 January	(3,362)	(3,361)
Provision of impairment during the year	-	(1)
Balance as at 31 December	(3,362)	(3,362)

The Company provided a full allowance for impairment losses on its investments in subsidiaries, namely Jadensworth Holdings Pte Ltd., PG Communications Pte Ltd., Shakey's Holdings Pte Ltd, Wang Da Investments Limited, Inno-Pacific Realty Sdn Bhd, and Top-Text Sdn Bhd, in prior years. Shakey's Holdings Pte Ltd and Top-Text Sdn Bhd have been dormant while Jadensworth Holdings Pte Ltd., PG Communications Pte Ltd., Wang Da Investments Limited and Inno-Pacific Realty Sdn Bhd had been making losses.

10 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiary/ country of incorporation	Principal activities	Group's effective equity interest 2014 %	2013 %
Held by the Company			
Awana Rentak Sdn Bhd[(a)] ("ARSB") Malaysia	Investment holding	100.0	100.0
Enigma Venture (M) Sdn Bhd[(a)] Malaysia	Investment holding	100.0	100.0
Heritage Investment Corporation[(b)] British Virgin Islands	Investment holding and investment trading	100.0	100.0
Golden Eagle Mining Pte Ltd (Formerly known as Ideal Forex Pte Ltd) [(c)] Singapore	Dormant	100.0	100.0
Inno-Pacific Realty Sdn Bhd[(a)] Malaysia	Investment property holding	100.0	100.0
Jadensworth Holdings Pte Ltd Singapore	Investment holding and investment trading	100.0	100.0
PG Communications Pte Ltd Singapore	Telecommunication service provider	100.0	100.0
Shakey's Holdings Pte Ltd[(c)] Singapore	Dormant	88.9	88.9
Top-Text Sdn Bhd[(d)] Malaysia	Dormant	90.0	90.0
Wang Da Investments Limited [(b)] British Virgin Islands	Investment holding and investment trading	100.0	100.0
Extera Pte Ltd ("Extera") Singapore	Energy and fuel distribution	81.8	81.8

10 Subsidiaries (cont'd)

Name of Subsidiary/ country of incorporation	Principal activities	Group's effective equity interest 2014 %	2013 %
Held by Extera Pte Ltd			
Dezhou Sheng Rong Gas Co. Ltd. (德州胜荣燃气有限公司)[(e)], People's Republic of China	Energy and fuel distribution including compressed natural gas ("CNG") service provider	73.6	73.6
Held by PG Communications Pte Ltd			
PG Communications Sdn Bhd[(a)] Malaysia	Technology and trading	100.0	100.0
Held by Inno-Pacific Realty Sdn Bhd			
Megan Midas Sdn Bhd[(a)] Malaysia	Investment property holding	100.0	100.0

Notes on subsidiaries:

All the companies are audited by Moore Stephens LLP except for the subsidiaries that are indicated below.

(a) Audited by Moore Stephens Associates & Co, Chartered Accountants, Malaysia.

(b) No audit requirement in the country of incorporation. Audited by Moore Stephens LLP for consolidation purposes.

(c) Both companies are dormant and exempted from audit under Section 205B of the Companies Act.

(d) These subsidiaries are dormant. No audit is required in the country of incorporation.

(e) Audited by 德州信合有限责任会计师事务所, People's Republic of China. Audited by Moore Stephens LLP for consolidation purposes.

10 Subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interests

The Group has the following subsidiaries that have material non-controlling interests:

Name of Subsidiary/ country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2014	2013	2014	2013	2014	2013
	%	%	S$'000	S$'000	S$'000	S$'000
Dezhou Sheng Rong Gas Co. Ltd. (德州胜荣燃气有限公司) People's Republic of China	10.0	10.0	143	-	38	181
Extera Pte Ltd Singapore	18.2	18.2	243	-	713	956
			386	-	751	1,137

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Dezhou Sheng Rong Gas Co. Ltd.("Sheng Rong")

	2014	2013
	S$'000	S$'000
Current assets	7,432	2,935
Non-current assets	-	4,613
Current liabilities	(6,095)	(5,626)
Equity attributable to owners of the Company	1,211	1,741
Non-controlling interests	126	181

Extera Pte Ltd ("Extera")

	2014	2013
	S$'000	S$'000
Current assets	637	524
Non-current assets	3,783	4,730
Current liabilities	(38)	(5)
Equity attributable to owners of the Company	3,585	4,295
Non-controlling interests	797	954

10 Subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interests (cont'd)

Sheng Rong

	2014 S$'000	2013 S$'000
Revenue	485	-
Expenses	(1,085)	-
Loss for the year	(600)	-
Loss attributable to owners of the Company	(543)	-
Loss attributable to the non-controlling interests	(57)	-
Total comprehensive loss for the year	(600)	-
Total comprehensive loss attributable to owners of the Company	(543)	-
Total comprehensive loss attributable to the non-controlling interests	(57)	-
Dividends paid to non-controlling interests	-	-
Net cash outflow from operating activities	(212)	-
Net cash outflow from investing activities	(181)	-
Net cash inflow from financing activities	-	-
Net cash outflow	(393)	-

Extera

	2014 S$'000	2013 S$'000
Revenue	-	-
Expenses	(867)	-
Loss for the year	(867)	-
Loss attributable to owners of the Company	(709)	-
Loss attributable to the non-controlling interests	(158)	-
Total comprehensive loss for the year	(867)	-
Total comprehensive loss attributable to owners of the Company	(709)	-
Total comprehensive loss attributable to the non-controlling interests	(158)	-
Dividends paid to non-controlling interests	-	-
Net cash inflow from operating activities	53	-
Net cash outflow from investing activities	(49)	-
Net cash inflow from financing activities	-	-
Net cash outflow	(4)	-

11 Goodwill

The Company has provisionally determined and recognised goodwill of S$13,709,000 as the excess of the value of the purchase consideration over the value of the net identifiable assets on completion of the acquisition of Extera in the 31 December 2013 financial statements. The principal activity of Extera is that of an investment holding company and its sole investment is its 90% equity interest in Sheng Rong. Sheng Rong is principally engaged in the ownership and operation of CNG refilling stations and natural gas supply and distribution business in Shandong province, People's Republic of China.

At the date of finalisation of these 2014 financial statements, based on the directors' best estimate of the likely fair valuation of the identifiable assets and liabilities which approximate to the carrying amounts at the date of acquisition, the Group has finalised the valuation of the goodwill, and have determined that the carrying value of the goodwill associated with the Group's acquisition of Extera was not impaired. The recoverable amount of the goodwill was forecasted at 20% growth rate (2013: 20%) by reference to the cash generating unit's value-in-use, taking into consideration the various planned construction and operation of CNG refilling stations at other locations (Note 23). A discount factor of 9% per annum (2013: 9%) was applied to the value in use model.

19 Sale and Purchase Agreement ("S&P") with Purchaser ("Counterparty") of Marketable Securities

In 2013, the Company entered into an S&P to sell certain marketable securities, ("Securities") to the counterparty. The consideration of S$65,460,000 was negotiated by the parties and taking into consideration inter-alia, the size of the transaction, represented a 10% discount to the last traded prices of the Securities on 6 September 2013. The consideration was to be fully satisfied by the counterparty in cash. The counterparty had paid S$7,200,000 on 26 December 2013. The completion of the S&P was to take place on or before 31 December 2013. The completion did not take place by 31 December 2013 and the Group did not deliver the Securities to the counterparty by 31 December 2013.

As the Securities had not been delivered to the counterparty and the transaction was not completed, the amount receivable from the counterparty under the S&P was included as part of derivative receivables and other assets in the balance sheet in the prior year (Note 17).

On 25 March 2014, the Company and the counterparty entered into a Variation Agreement to the S&P to extend the completion date to 31 December 2014. Pursuant to the Variation Agreement, the counterparty provided collaterals by way of pledged shares in another Singapore listed company ("Pledged Shares") for their obligations under the S&P.

19 Sale and Purchase Agreement ("S&P") with Purchaser ("Counterparty") of Marketable Securities (cont'd)

On 19 November 2014, at the request of the counterparty, the Pledged Shares were returned to the counterparty and in return, the counterparty provided a Deed of Shares Pledge for 25,000 shares, representing 50% of the issued share capital, of an overseas private company held under an escrow arrangement in favour of the Company. The Company is of the opinion that these 25,000 shares has a value in excess of S$30,855,000 which is equivalent to the estimated value of the Pledged Shares as at 31 December 2014.

On 31 December 2014, the Company entered into a further agreement with the counterparty to repurchase the Securities at S$752,000 ("Repurchase Price"), based on the Securities' last traded price on 31 December 2014. The counterparty agreed to settle in cash the balance consideration after deducting the Repurchase Price, by 30 September 2015. The net gain on the derivative receivables of S$36,906,000 (Note 5) and amount due from the counterparty of S$57,508,000 (Note 20) were recognised accordingly.

The Pledged Shares are the primary collateral for the debt owed by the counterparty and the 25,000 shares of the overseas private company will be used as additional collateral until the settlement of the S$57,508,000. The escrow arrangement will be terminated upon the return of the Pledged Shares with duly executed share transfer forms to the Company and/or when S$57,508,000 has been fully settled. The counterparty has confirmed their indebtedness and the Company believes that the debt is recoverable. The management estimated that the value of the Pledged Shares as at 31 December 2014 amounted to S$30,855,000 and made a best estimate of an allowance of impairment loss of S$26,653,000 which represented the uncollateralised portion of receivable due from the counterparty.

20 Trade Receivables

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Third parties	57,509	15	57,508	-
Less: Allowance for impairment loss	(26,653)	(15)	(26,653)	-
	30,856	-	30,855	-

Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit term of 30 days (2013: 30 days). Included in the trade receivables is the amount due from the counterparty on the sale of Securities (Note 19).

Trade receivables that are less than five months past due are not considered as impaired. As at 31 December 2014, no trade receivables (2013: Nil) were over five months past due and impaired.

20 Trade Receivables (cont'd)

Movements in allowance for impairment loss on trade receivables are as follows:

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
As at 1 January	15	16	-	33
Addition during the financial year (Note 19)	26,653	-	26,653	-
Reversal during the financial year	(15)	(1)	-	(33)
As at 31 December	26,653	15	26,653	-

The impairment loss of S$26,653,000 relates to the S&P mentioned in Note 19.

Trade receivables are denominated in Singapore dollar (2013: Malaysian Ringgit).