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

VARIATIONS BETWEEN THE COMPANY'S PRELIMINARY FULL YEAR UNAUDITED RESULTS FOR FY2013 AND THE 2013 ANNUAL REPORT

The Board of Directors of Innopac Holdings Limited (the "Company") refers to (a) its preliminary full year unaudited results for the financial year ended 31 December 2013 released on the SGXNet on 26 February 2014 ("Preliminary FY2013 Unaudited Results") and (b) its 2013 Annual Report that was despatched to shareholders today.

The Board of Directors of the Company wishes to explain for the variations between the Preliminary FY2013 Unaudited Results and the 2013 Annual Report as follows:

Consolidated Statement of Comprehensive Income

	Preliminary FY2013 Unaudited Results $'000	2013 Annual Report $'000	Variance $'000	Notes
Net (losses) /gains from investment trading activities	(13,649)	(62,933)	(49,284)	A1
Fair value gain on derivative receivables	-	27,801	27,801	A2
Net losses from derivative receivables and other assets	-	(12,236)	(12,236)	A3
Loss before income tax	(20,795)	(54,514)	(33,719)	A4

A1, A2, A3: The changes are due to an additional provision of S$33,719,000 for a derivative receivable transaction, and reclassification of income statement items. The Company had entered into an Agreement on 7 September 2013 to sell certain marketable securities to a counterparty for a total consideration of about S$65 million. Due to the October 2013 stock market crash in Singapore the market prices of these securities fell significantly and the counterparty has been unable to fulfil its obligation by 31 December 2013, the agreed completion date. However, the counterparty has assured the Company that it will fulfil its obligations under the agreement and in March 2014, the Company and the counterparty entered into a Variation Agreement to the 7 September 2013 agreement. Pursuant to the Variation Agreement the completion date has been extended to 31 December 2014 and the counterparty is required to provide collaterals to secure its outstanding obligations. The counterparty has provided collaterals of about S$25 million and about S$34 million of the obligation due from the counterparty remains unsecured. The directors of the Company have decided, for prudential considerations, to make a provision of about S$34 million for the unsecured amount under the Agreement.

A4: The change is due to an provision of S$33,719,000 for a derivative receivable transaction (see notes A1, A2, and A3 above).

Balance Sheet

	Preliminary FY2013 Unaudited Results $'000	2013 Annual Report $'000	Variance $'000	Notes
Property, plant and equipment	1,397	902	(495)	B1
Land use rights	-	3,053	3,053	B2
Goodwill	12,796	13,709	913	B3
Derivative receivables and other assets	122	20,723	20,601	B4
Other receivables and prepayments	56,474	1,318	(55,156)	B5
Trade and other payables	1,040	3,675	2,635	B6
Accumulated losses	(22,641)	(56,360)	(33,719)	B7

B1: Sheng Rong, an indirect subsidiary of the Group operating in the People's Republic of China, is in the process of acquiring the right to use a piece of land situated at Dezhou, Shangdong Province, for construction and operation of a CNG filling station. As at 31 December 2013, the construction of the gas station has been completed, but the title to the land use rights has not been transferred to Sheng Rong. In the event the land use right is not transferred to the Group, a situation may arise that the Group may be unable to continue operating on the property, and accordingly, the auditors recommended the Group to make a provision of approximately S$913,000 for the carrying value of the gas station.

Sheng Rong has acquired equipment at the cost of approximately S$418,000. As at 31 December 2013, Sheng Rong has not received a valid fāpiào (tax receipt) for the cost of equipment and accordingly has not accounted for the equipment on its books. The Group considers it more appropriate to revise the accounts to reflect the acquisition of the equipment even if the indirect subsidiary has not been provided the fāpiào.

B2: The carrying value of the land use right mentioned in note B1 was ascertained after lengthy negotiation and recognized at approximately S$3,053,000.

B3: The provision for the carrying value of the gas station mentioned in note B1 reduces the fair value of the net assets of the Extera group (Extera is the holding company of Sheng Rong). The acquisition of the Extera Group was completed on 26 December 2013. As a result, the goodwill arising on acquisition increases correspondingly.

B4 and B5: It is mainly due to the additional provision of S$33,719,000 for a derivative receivable transaction and reclassification of the amount due from the counterparty as derivative receivables and other assets from other receivables and prepayment. S$836,000 deposit paid (previously captured under other receivables and prepayments) was applied towards recognition of the land use right mentioned in note B2.

B6: In relation to the acquisition of land right use in note B2, a liability of S$2,217,000 has been recognized as balance payment due to the vendor as at 31 December 2013.

As explained in note B1, Sheng Rong has acquired equipment at the cost of approximately S$418,000. The Group revises the accounts to reflect the acquisition cost and the correspondent liability of the unpaid equipment.

B7: Accumulated loss increased by S$33,719,000 as a result of additional provision for derivative receivable transaction as explained in notes A1, A2, and A3.

Consolidated Statement of Cash flows

	Preliminary FY2013 Unaudited Results $'000	2013 Annual Report $'000	Variance $'000	Notes
Fair value gain on other investment activities	(61,520)	-	61,520	C1
Fair value gain on derivative receivables	-	(27,801)	(27,801)	C2
Trade and other receivables and prepayments	7,024	(177)	(7,201)	C3
Net cashflow on acquisition of subsidiary	(4,658)	2,542	7,200	C4

C1 and C2: The changes are due to an additional provision of S$33,719,000 for a derivative receivable transaction, and reclassification of items of the Group's cashflows.

C3 and C4: Cash inflow of S$7,200,000 reclassified from other receivables and prepayments to net cash inflow on acquisition of subsidiary.

By Order of the Board
Innopac Holdings Limited

Stanley Chu
Company Secretary
Date 12 June 2014