INNOPAC HOLDINGS LIMITED
(Company Registration No. 197301788K)

JOINT VENTURE AGREEMENT TO PRODUCE RECOVERED CARBON BLACK FROM END-OF-LIFE TYRES CHAR AND OTHER ECO-WASTE RECYCLING BUSINESSES

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1. INTRODUCTION

1.1 Innopac Holdings Limited (the "Company"), wishes to announce that its wholly-owned subsidiary, Awana Rentak Sdn Bhd ("Awana"), has today signed a Joint Venture Agreement ("JVA") with RC Carbon Sdn Bhd ("RC Carbon") (collectively, "the Parties") to set up a Recovered Carbon Black ("*rCB*") production facility (the "Facility") to produce *rCB* from waste, end-of-life tyres ("ELT") char through a joint-venture company ("JVCO") in Malaysia.

The JVCO will also be providing waste management and recycling solutions, EPC and project management services that meet global environmental regulations, with the primary focus on recovery of valuable by-products and generation of renewable energy. The JVCO will be leveraging on RC Carbon and its founders' experiences and knowledge in ELT pyrolysis and waste-to-energy projects since 2010.

1.2 Carbon black is mainly elemental carbon in the form of fine pellets or powder and is traditionally produced from petroleum. It is an ASTM (American Society of Testing and Measures) standardised commodity with specific qualities and specifications. About 70% of carbon black produced is used for tyres and about 20% in non-tyre rubber and specialty blacks usage. Carbon black is also used as a black pigment and in hundreds of diverse applications, including as an electric conductive agent for high-technology materials. It is a very essential and versatile commodity.

1.3 Current worldwide production of prime carbon black (produced from petroleum) is about 12.1 million metric tons per annum with an estimated commercial value of US$ 12.5 billion. Prime carbon black is produced by an incomplete combustion of petroleum resulting in the release of environmentally damaging gases and it pollutes the environment. However, global demand for carbon black is expected to grow by as much as 4.2% annually.

1.4 *rCB* is produced from ELT char. ELT are processed by pyrolysis to recover fuel oil, steel and char. The pyrolysis process degrades ELT by thermal chemical decomposition in the absence of oxygen to regenerate high value products such as fuel oil, gas, steel, carbon and char that can be recycled.

2. ABOUT RC CARBON SDN BHD

2.1 RC Carbon was incorporated in Malaysia in 2015 by the founders of Anothen WTE Co. Ltd, ("Anothen"), for the internationalisation of their solutions in waste recycling and waste to energy solutions outside of Korea. Anothen was founded in Korea in 2009 for the engineering and development of technologies for ELT and waste to energy processes.

2.2 RC Carbon has been collaborating with companies globally and has an ongoing collaboration with a Korean recycling company to process 40 tons of tyres char per day into *rCB* for a global tyres manufacturer in Korea. This tyres manufacturer has an operating clean energy project which utilises ELT to produce steam for its nearby factory.

2.3 RC Carbon through its partnerships, collaboration and research has been consulting for similar projects in several countries, and its networks have secured one of the top 3 tyre manufacturers in Asia to purchase and use *rCB* which can replace a certain percentage of their prime carbon requirement for the production of tyres.

2.4 RC Carbon is finalising an agreement with a local client in Vietnam to operate an ELT facility which provides the fuel oil recovered for the client and to produce the carbon black for the international market, leaving no residue or waste from the ELT processing plant.

2.5 RC Carbon has also partnered with one of the leading manufacturer of *rCB* in the United States of America, to co-market and sell *r*CB in the US market.

3. SALIENT TERMS OF THE JVA

3.1 The Parties have agreed to incorporate a private limited company as the JVCO in Malaysia with an issued and paid-up share capital of up to Malaysian Ringgit (MYR)1,000,000.

3.2 The Parties shall each subscribe for 500,000 shares at MYR1.00 each in the share capital of the JVCO.

3.3 Awana shall provide financing, on commercial terms, of up to US$2.5 million to the JVCO for the set-up cost of the Facility.

3.4 RC Carbon shall provide the JVCO with all its proprietary, patented know-how and technologies, operational management, marketing and sale of *rCB* in Malaysia and in international markets.

3.5 RC Carbon warrants and undertakes that the required Patents will be transferred, and registered in the countries of operations, into an intellectual property company ("IP Company") to be equally owned by the Parties. The IP company will licence the JVCO as soon as practicable after the date of incorporation of the JVCO but no later than the launch of the Facility.

3.6 The JVCO shall have four (4) directors, two (2) appointed by Awana and two (2) by RC Carbon.

4. FINANCIAL EFFECTS

This investment will be funded from internal resources and/or other source of financing and is not expected to have a material impact on the Group's earnings per share or net tangible asset per share for the current financial year.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company (other than in their respective capacities as a director and/or shareholder of the Company) has any interest in the joint venture or this investment.

6. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments on the joint venture, in compliance with the requirements of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD OF
INNOPAC HOLDINGS LIMITED

Wong Chin Yong
Managing Director & Chief Executive Officer

2 June 2016