

INNOPAC HOLDINGS LIMITED

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

REPLY TO SGX'S QUERIES ON THE COMPANY'S "JOINT VENTURE AGREEMENT BETWEEN INNOPAC HOLDINGS LIMITED AND PRIMEFORTH RENEWABLE ENERGY LIMITED TO COMMERCIALLY CULTIVATE MICROALGAE AND ITS DOWNSTREAM ACTIVITIES" ANNOUNCEMENT ("ANNOUNCEMENT") ON 22 SEPTEMBER 2015.

Innopac Holdings Limited ("the Company") refers to SGX's queries on the "Joint Venture Agreement between Innopac Holdings Limited and Primeforth Renewable Energy Limited to commercially cultivate microalgae and its downstream activities" announcement on 22 September 2015, and would like to reply as follows:

SGX Query 1:

The Company's Announcement on 22 September 2015 on the JV with Primeforth mentioned that "Primeforth owns proprietary and patented technologies for commercial microalgae cultivation and harvesting; and know-how to recover bio-oil from microalgae".

Please disclose where the patents are filed and the jurisdictions where the patents are applicable. What are the terms of the license or under which the company or the JV will be able to make use of the relevant patents.

Reply 1:

As announced in paragraph 2.3 of the Announcement, the patents held by Primeforth relate to the cultivation and harvesting of microalgae are as follows:

Cultivation Patent

Patent for microalgae cultivation, tank utilizing aeration, to deliver CO₂ and circulation of microalgae. Registration no. 1012946550000 and published on 9 August 2013 at the Korean Intellectual Property Office ("KIPO").

Same patent was filed in Malaysia under number PI 2014002704 and is currently awaiting grant of the patent.

Harvesting machine patent

Two patents were filed and granted by KIPO pertaining to two versions of the harvesting machine:

- Version 1: Patent Application Serial No. 1020120072821 application date on 4 July 2012; and
- Version 2: Patent Application Serial No. 1020120103260 application date on 18 September 2012.

Subsequently a patent was filed for version 3 of the harvesting machine and is awaiting final publication; Unexamined Publication No. 1020140036751.

The final patent (Patent no: 100762106) pertains to the conversion method to make biofuel.

The patents are enforceable for 20 years from the date of Patent registration.

Primeforth will register these patents in all the intended jurisdictions they intend to operate.

Primeforth has confirmed that the joint-venture company will have free and unrestricted use of these patents and future patents on cultivation and harvesting of microalgae.

SGX Query 2:

It was disclosed that Primeforth has been dormant since inception.

Please disclose:-

- a) When was the patent approved and the duration of the patent;**
- b) Duration that the Company can use the patents;**
- c) The cost of using the patents charged to the Company; and**
- d) Whether of the patents are available exclusively for the JV and if the patents have been successfully commercialized previously.**

Reply 2:

Primeforth is no longer dormant since entering into a joint venture agreement with MMP Resources Limited in February 2015.

- a) The various patent approval dates have been disclosed in the Announcement and in Reply 1 above. The patents are enforceable for 20 years from the date of Patent registration;
- b) The joint venture company can use the patents for the enforceable period of Patent registration;
- c) Primeforth has confirmed not to charge the joint venture company for the use of the patents;
- d) The patents are not available exclusively for the joint venture company. The Patents have been successfully commercialized in South Korea and in Japan.

SGX Query 3:

It was disclosed that “Mr Kim had six patents in his name in this specialised field (now under Primeforth)”. Please provide details on how successful these six patents have been and the commercialization of the patents so far.

Reply 3:

The technology has been successfully deployed in South Korea and Japan; and successfully tested in Malaysia, Vietnam and the Philippines.

SGX Query 4:

The Announcement mentioned that “Mr. Kim is the founder and CEO of TAC Corp (Korea), Dream Energy Inc. (Korea) and Wero Technologies Sdn Bhd (Malaysia)”. Please provide details on the businesses of TAC Corp (Korea), Dream Energy Inc. (Korea) and Wero Technologies Sdn Bhd (Malaysia) and whether any of these compete in the areas where the JV will operate and how conflicts of interests have been mitigated.

Reply 4:

TAC Corp (Korea) is a South Korean registered entity, primarily conducting research on microalgae and trading of biodiesel in South Korea. Dream Energy Inc (Korea) similarly is a South Korean registered entity, primarily involved in the trading of diesel fuel, supplying biodiesel fuel to construction companies in South Korea. Weros Technologies Sdn Bhd is a Malaysian incorporated company primarily conducting research & development activities in microalgae cultivation in Malaysia.

These companies are private companies of Mr Kim, and are not in direct conflict with the business of the joint-venture company as the business activities of these private companies are separate and different from the joint-venture company.

SGX Query 5:

It was also mentioned that Mr. Kim is currently the Chairman of Magnum Modular Power Generation Pte Ltd, an indirect subsidiary of a Singapore listed company. Please confirm if Mr. Kim is an Executive Chairman of Magnum Modular Power Generation Pte Ltd. What would be Mr. Kim's role in the Joint Venture with the Company and will there be any conflict of interests arising from his chairmanship in the other company. Please provide details on how the conflicts will be mitigated.

Reply 5:

To the best of our knowledge and advised by Mr. Kim, he serves as the Chairman of Magnum Modular Power Generation Pte Ltd. ("MMP") in a non-executive role.

Mr Kim shall be primarily responsible for the design and plans for the microalgae farm and advice on microalgae cultivation, harvesting and processing (for oil). He will also be responsible for the provision of the special microalgae species for the joint venture company.

The joint venture company does not see any conflict of interest with MMP.

The joint venture company's business is in the microalgae cultivation business, inter alia, to produce biofuel and other high value products; whereas MMP is in the business of power and electricity generation through micro power plants running on crude vegetable oil and biofuel.

SGX Query 6:

It was disclosed that the "Company shall provide the procurement of all necessary permits and approval for the Project and shall also provide the initial and additional capital for the JVCO".

Please quantify the capital that the Company plans to inject into the JVCO and why capital contribution is not proportionate to their shareholding interests.

Reply 6:

The Company intends to inject S\$1 million as initial share capital into the joint venture company upon its incorporation.

In consideration of Primeforth's contribution to the joint venture company as technology partner, with its proprietary, patented knowhow and technologies in the cultivation of microalgae and the recovery of microalgae oil, the Company agreed to contribute the

entire initial share capital and provide necessary financial assistance for the joint venture company.

SGX Query 7:

Please provide the relative figures pursuant to Listing Rule 1006 and comply with Listing Rules 1010 and 1014 where the relevant thresholds are triggered.

Reply 7:

This transaction is not an acquisition and Listing Rule 1006 is not applicable.

SGX Query 8:

It was disclosed that the “Parties acknowledged and agreed that on the launch of the first Project, a financing commitment of up to US\$12.5 million shall be provided by the Company for inter-alia, the capital investment and working capital requirements of the Project operations”.

Please provide details on when the construction of the first facility will begin and the expected completion date, as well as the production capacity of this facility.

Reply 8:

The Company is looking for a suitable site for the establishment of the microalgae farm and ancillary facilities. Once the suitable location has been identified and secured, and ready for construction, the Company expects the construction to complete and operational within six months.

Based on the US\$12.5 million investment for the project, the microalgae cultivated and harvested is expected to produce up to 20 metric tonnes of microalgae oil per day.

**BY ORDER OF THE BOARD OF
INNOPAC HOLDINGS LIMITED**

Wong Chin Yong
Managing Director & Chief Executive Officer

5 October 2015