INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Introduction

Innopac Holdings Limited (the "Company") was placed on the Watch-List pursuant to Rule 1311(1) of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") with effect from 3 June 2016.

The Company will have to meet the requirements under Listing Rule 1314(1) within 36 months from 3 June 2016, failing which the SGX-ST would delist the Company or suspend trading in the Company's shares with a view to delisting the Company. Listing Rule 1314(1) states that an issuer on the Watch-List may apply to the SGX-ST for its removal from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S$40 million or more over the last 6 months.

Rule 1313(2) of the Listing Manual, requires the Company to provide quarterly updates on its efforts and the progress made in meeting the exit criteria of the Watch-List, including where applicable its financial situation, its future direction, or other material development that may have a significant impact on its financial position.

The Board of Directors of the Company wishes to provide 2016 – Third Quarter (Q3) update to its shareholders and investors as follows:

Unaudited Financial Performance and Financial Position

The Company had released the unaudited results for Q3 and the First Nine Months (9M) ended 30 September 2016 for the Company and the Group on 11 November 2016. Full details can be found on the SGX-ST and the Company's websites.

We are pleased to highlight that the Group's loss narrowed to S$1.5 million in 9M 2016 from S$5.2 million in 9M 2015 as investment trading activities, derivative instruments and other asset/liabilities, other income and administrative and other expenses improved resulting in Loss per share decreasing to 0.03 cents in 9M 2016 from 0.12 cents in 9M 2015.

Future Directions

The Company is an investment and investments holding company, with the aim of building a portfolio of businesses and investments that can deliver consistent profits and cash flow as well as growth potential. The Company currently is focusing on environmentally-friendly and green technologies, alternative and renewable and natural resources businesses.

The Company has three (3) main investments:

(1) Microalgae cultivation Joint Venture

The Company has a 70% equity interest in a joint venture with Primeforth Renewable Energy Limited ("Primeforth") to commercially cultivate microalgae for recovery of (microalgae) oil and meal. The oil will be of fuel oil grade and the meal for feed.

The joint venture's first project is budgeted at US$12.5 million which will be provided by the Company, whilst Primeforth will provide the intellectual property, know-hows and operation capability.

The Company has advanced S$6.0 million for the first project and had informed Primeforth that it is unlikely to provide the full funding of US$12.5 million as contemplated in the joint venture agreement by November 2016. The Company is considering seeking project financing, suppliers' credit, and/or EPC contractors' credit, and/or rolling out the project in phases.

The Company has been advised that the S$6.0 million advance by the Company is sufficient for the project to commence and generate revenue, albeit, on a reduced capacity. A suitable site in Malaysia for the project was identified, secured and site preparation had commenced in May 2016. Orders for equipment have also been placed. Applications for the necessary permits and licences are being processed. Barring any unforeseen circumstances and/or unexpected delays, the Company expects the joint venture company to commence commercial operations and generate revenue by January 2017.

The Company and Primeforth had also agreed that this first project will be developed in three phases.

(2) Gold exploration and exploitation Joint Venture

The Company through its wholly-owned subsidiary, Golden Eagle Mining Pte Ltd, has a 50% equity and participating interest in Artel Trade LLC ("Artel"), a Kyrgyz company which has 63.72 sq. km. gold exploration and exploitation concession in the Kyrgyz Republic.

2016 work program has been limited to data analysis and mapping by Artel's local geologist, who has identified two (2) areas within the concession for exploration in 2017. One of the area lies in the northern part of the concession and forms part of the Talas-Fergana fault and the other is an alluvial prospect in the Chatkal River.

The Company will be discussing with its joint-venture partner and the geologist on a work program for 2017 to be submitted to the Geological Agency of the Kyrgyz Republic for approval.

(3) Recovered Carbon Black Joint Venture

The Company has 50% equity interest in Superior Carbontech & Solutions Sdn Bhd, a joint venture company with RC Carbon Sdn Bhd, to set up a Recovered Carbon Black ("rCB") production facility (the "Facility") to produce rCB from waste, end-of-life tyres char, and provide waste management and recycling solutions, engineering procurement construction and project management services, with the primary focus on recovery of valuable by-products and generation of renewable energy through a joint-venture company in Malaysia. The Facility would have an estimated capacity of up to 28,800 MT per annum on a 24 hours x 300 days operations. The joint venture company's first year's planned production is 12,000 MT.

The Group is sourcing for the necessary financing for the project. It is expected that the Facility will be completed, commissioned and commence operations within 6 months after the necessary financing has been arranged.

The Company is looking to further rationalize its portfolio of investments by disposing it its investment properties in Malaysia, JV in China and the Sawyer Falls property rights in USA, and focus on the three abovementioned joint-ventures.

The Company expects investments and business conditions to remain difficult and challenging. BREXIT and the election of a new President in the United States add to the uncertainties for the global economy. We expect globalisation to slow or stop and protectionism to emerge and remain vigilant of the likely changes in the global financial and investment markets.

The Company's views on future direction are based on numerous assumptions regarding the Company's present and future business strategies and the future environment in which the Group will operate. These views necessarily involve risks, uncertainties and assumptions. Actual future performance can differ materially from the Company's views on future direction and macro trends.

By order of the Board
INNOPAC HOLDINGS LIMITED

Wong Chin Yong
Managing Director

18 November 2016