INNOPAC HOLDINGS LIMITED
(Incorporated in Singapore)
(Company Registration No. 197301788K)

JOINT VENTURE AGREEMENT BETWEEN INNOPAC HOLDINGS LIMITED AND PRIMEFORTH RENEWABLE ENERGY LIMITED TO COMMERCIALLY CULTIVATE MICROALGAE AND ITS DOWNSTREAM ACTIVITIES

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1. INTRODUCTION

Innopac Holdings Limited (the "Company") wishes to announce that it has today signed a Joint Venture Agreement ("JVA") with Primeforth Renewable Energy Limited ("Primeforth") (collectively, "the Parties") to commercially cultivate microalgae and engage in its downstream activities (hereinafter referred to as the "Venture").

Microalgae are microscopic algae which can grow rapidly with sunlight, carbon dioxide and the right nutrients. Microalgae is a sustainable source of renewable oil (bio-crude) and ingredients used in pharmaceuticals, nutraceuticals, cosmetics and aquaculture purposes. Algae bio-crude can be used to manufacture a range of fuels including gasoline, diesel or jet fuel while meeting current standards and specifications. Algae by-product consists of high protein nutrients that can be used in the manufacturing of animal feeds.

Commercial cultivation of microalgae which is capable of photosynthesis, will increase the production of oxygen and simultaneously use and reduce the carbon dioxide in our atmosphere.

Primeforth owns proprietary and patented technologies for commercial microalgae cultivation and harvesting; and know-how to recover bio-oil from microalgae. The Company hopes to leverage on a proven industrial biotechnology platform that harnesses the prolific production of microalgae to produce low cost algae oil.

The Company will also research, by itself or in collaboration with relevant partners, other products and applications of microalgae and the recovered algae oil.

The Company is currently evaluating sites in Malaysia for its expansion of this business.

2. BACKGROUND

2.1 Primeforth (previously known as PF Special Situation Fund) was incorporated in the Cayman Islands on 25 February 2010. It has been dormant since inception and was recently re-designated as a special purpose vehicle to house the patents registered in the name of Mr Peter Kim Jae Hoon. Primeforth owns all the proprietary and patented technologies, know-how and trade secrets in respect of the cultivation, harvesting and manufacturing of biofuels from microalgae, currently and hereafter developed by Mr Kim.

2.2 Mr Peter Kim Jae Hoon is a United States of America citizen and has over 30 years of international business experience, mainly in USA and South Korea. Mr Kim obtained his Bachelor of Science (Chemistry) from George Mason University, Virginia, USA. He is a pioneer in bio-fuels and the renewable energy sector in South Korea. Mr Kim had six patents in his name in this specialised field (now under Primeforth).

Mr. Kim is the founder and CEO of TAC Corp (Korea), Dream Energy Inc. (Korea) and Weros Technologies Sdn Bhd (Malaysia). Mr Kim was the principal technology consultant to the microalgae farm facility in Kumagaya, Nagoya, Japan and a USD220 million microalgae facility in Okinawa, Japan in 2012-2013. He is currently the Chairman of Magnum Modular Power Generation Pte Ltd, an indirect subsidiary of a Singapore listed company.

2.3 The patents held by Primeforth relates to the cultivation and harvesting of microalgae.

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 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 (Korea only)
Two patents were filed and granted in South Korea 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 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.

3. SALIENT TERMS OF THE JVA

3.1 The Parties have agreed to incorporate a private limited company ("JVCO") in Singapore with issued share capital of Singapore dollars one million (S$1,000,000);

3.2 The initial equity for the JVCO will be contributed in the following manner:

Company 70% and Primeforth 30%;

3.3 The business of the JVCO shall be the cultivation of microalgae using Primeforth's proprietary, patented knowhow and technologies with special focus on the recovery of algae oil as fuel sources. The first facility shall be located in Singapore ("the Project");

3.4 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. The Company shall, from time to time provide the JVCO with financing and all such necessary financial assistance and in the areas of business development and financial management;

3.5 Primeforth shall be responsible for the areas of operational management relating to the execution and roll out of the Project and any other areas where Primeforth's experience and expertise can materially ensure the JVCO's successful attainment of its business goals;

3.6 The JVCO shall comprises of five (5) directors, three (3) appointed by the Company and two (2) by Primeforth;

3.7 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. For each and every other Project, it is anticipated that a budget of up to US$12.5 million will be required for investment on an EPC turnkey basis; and

3.8 The JVCO shall have the right of refusal to participate in any other Projects in Singapore or elsewhere with Primeforth or any other party.

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 Venture or this investment.

6. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments on the 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

22 September 2015