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

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**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF SHARES WITH FREE DETACHABLE WARRANTS**

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## 1. INTRODUCTION

1.1 The Directors (the "Directors") of Innopac Holdings Limited (the "**Company**") wishes to announce that the Company is proposing a renounceable non-underwritten rights issue of up to 6,930,364,990 new ordinary shares in the capital of the Company (the "**Rights Shares**") and up to 3,465,182,495 free detachable warrants (the "**Warrants**") (the "**Rights cum Warrants Issue**"), on the basis of two (2) Rights Shares and one (1) free detachable Warrant for every one (1) issued ordinary share (the "**Shares**") in the capital of the Company held by the shareholders (the "**Shareholders**"), fractional entitlements to be disregarded, as at a books closure date to be determined by the Directors for the purpose of determining the Shareholders' entitlements (the "**Books Closure Date**").

## 2. DETAILS OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

### 2.1 Principal Terms

The Company is proposing to issue up to 6,930,364,990 Rights Shares, at an issue price of S$0.01 for each Rights Share (the **"Issue Price**") and up to 3,465,182,495 free detachable Warrants, with each Warrant carrying the right to subscribe for one (1) new Share in the capital of the Company (the "**Warrant Share**") at an exercise price of S$0.012 (the **"Exercise Price**") for each Warrant Share, on the basis of two (2) Rights Share and one (1) free detachable Warrant for every one (1) issued Share in the capital of the Company held at the Books Closure Date, fractional entitlements to be disregarded.

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

Fractional entitlements to any Rights Shares with Warrants will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Directors, in its absolute discretion, deem fit in the interests of the Company.

### 2.2 Free detachable warrants

Only Shareholders who have subscribed for their entitlements to the Rights Shares and/or any excess Rights Shares are entitled to the free Warrants.

One (1) free detachable Warrants will be issued for every two (2) Rights Shares subscribed and issued.

The Warrants are immediately detachable from the Rights Shares upon issue and will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") upon the listing and quotation of the Warrants on the Main Board of the SGX-ST, subject to, inter alia, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants.

Each Warrant, will, subject to the terms and conditions to be set out in a deed poll constituting the Warrants (the "**Deed Poll**"), carry the right to subscribe for one (1) Warrant Share at the Exercise Price, at any time during the period commencing on and including the date of issue of the

Warrants and expiring on a date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll.

The Warrant Shares arising from the exercise of the Warrants will upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of exercise of the Warrants.

**2.3 Entitled Shareholders**

Shareholders whose registered addresses with the Company's share registrar or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company's share registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents will be entitled to participate in the Rights cum Warrants Issue and receive the Offer Information Statement (the "**OIS**") to be issued by the Company in connection with the Rights cum Warrants Issue together with the appropriate application forms and accompanying documents at their respective Singapore addresses ("**Entitled Shareholders**").

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Any entitlements to the Rights Shares and the Warrants not taken up for any reason will be aggregated and allotted to satisfy excess applications or disposed of in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

**2.4 Foreign Shareholders**

For practical reasons and for avoidance of violating any foreign laws, the Rights Shares or the Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company's share registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The OIS and the accompanying documents will not be mailed outside Singapore.

The entitlements to the Rights Shares and the Warrant which would otherwise be provisionally allotted to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

**2.5 Excess Rights Shares**

In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue or have representation (direct or indirect through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

**2.6 Scale Down of Subscription and Excess Application Option**

Depending on the level of subscription for the Rights Shares and the Warrants entitlements, the Company will, if necessary, and subject to the approval of the SGX-ST, scale down the subscription and/or the excess applications by any Shareholder (if such Shareholder chooses to subscribe for its pro-rata Rights Shares and/or apply for excess Rights Shares and the Warrants entitlement) to:

(a) ensure that such Shareholder will not hold a controlling interest in the Company, which is prohibited by Rule 803 of the Listing Manual of the SGX-ST unless prior specific approval is obtained from Shareholders in a general meeting; or

(b) avoid placing such Shareholder and parties acting in concert with him (as defined under The Singapore Code on Take-overs and Mergers (the "**Code**") in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements.

## 3 RATIONALE OF THE RIGHTS CUM WARRANTS ISSUE AND PROPOSED USE OF PROCEEDS

The Company is undertaking the Rights cum Warrants Issue as a strategic initiative to raise funds to strengthen the financial position of the Group by increasing the Company's working capital and capital base and to empower the Group with greater financial strength to capitalise on potential growth and acquisition opportunities.

The Rights Issue Price of S$0.01 represents a discount of approximately 45% to the closing price of S$0.018 for each Share, based on the trades done on the SGX-ST on 20 June 2014, being the day of the release of this announcement.

The Directors are of the view that the Rights Issue Price of S$0.01 for each Rights Share together with the relevant free Warrant is sufficiently attractive, and that there is no minimum amount that must be raised from the Rights cum Warrants Issue taking into consideration the intended use of proceeds set out in paragraph 2.4 below.

In view of the foregoing, the Rights cum Warrants Issue will not be underwritten

Assuming full subscription of the Rights Shares, the gross proceeds will be approximately S$69.3million. The estimated net proceeds (the **"Net Rights Issue Proceeds**") after deducting estimated expenses of approximately S$0.4 million will be approximately S$68.9million.

The Company intends to utilise the Net Rights Issue Proceeds as follows:

(a) 90% to fund the expansion and growth of existing businesses, acquisitions and new investments; and

(b) 10% for general working capital purposes.

As and when the Warrants are exercised, the Company will utilise the proceeds thereof (after deducting any further fees and expenses incurred relation to the foregoing) in the same proportion as set out above.

Pending the deployment of the Net Rights Issue Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis as the Directors may deem appropriate in the interest of the Group.

The Company will make periodic announcements on the utilisation of the Net Rights Issue Proceeds as and when such proceeds are materially disbursed and subsequently provide a status report on the specific use of such proceeds and any material deviations therefrom in its annual report.

## 4 OTHER INFORMATION

### 4.1 OIS

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit.

The OIS containing the full terms and conditions of the Rights cum Warrants Issue will be lodged with the Monetary Authority of Singapore and despatched to Shareholders together with the appropriate application forms and accompanying documents in due course, after the approval of the Shareholders is obtained at an extraordinary general meeting (the "**EGM**") to be convened.

**4.2. Circular**

A circular containing further details of the proposed Rights cum Warrants Issue and the convening of an EGM for the purpose of seeking Shareholders' approval will be despatched to Shareholders in due course.

## 5 APPROVAL FOR THE PROPOSED RIGHTS CUM WARRANTS ISSUE

The Proposed Rights cum Warrants Issue is subject to, *inter alia*, the following:

(a) the approval in-principle from the SGX-ST for the listing of and quotation of the Rights Shares, the Warrants and the Warrant Shares on the Main Board of the SGX-ST; and

(b) the Shareholders approval for Rights cum Warrants Issue at the EGM to be convened;

The Company will make an application to the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the Warrants Shares on the Mainboard of the SGX-ST and will make the necessary announcement on the outcome of the application.

## 6. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution in trading in the Company's shares as there is no certainty or assurance that the proposed Rights cum Warrants Issue will materialise.

Shareholders and investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the Proposed Rights cum Warrants Issue, save for their respective interests in the Shares.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any director who may have delegated detailed supervision of the preparation of the announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

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

Wong Chin Yong
Managing Director & Chief Executive Officer
20 June 2014