



## INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

### REPLY TO SGX'S QUERIES ON THE COMPANY'S ANNOUNCEMENT DATED 13 MAY 2016

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Innopac Holdings Limited (the "**Company**") refers to SGX's 16 June 2016 queries on the Group's unaudited Q1 2016 results announced on 13 May 2016 (the "Announcement"), and would like to reply as follows:

#### **SGX Query 1:**

- 1) *In paragraph 10 of the financial statement, the Company disclosed that a "suitable site in Malaysia has been identified and Primeforth has been tasked with the site preparation, such as site survey, land clearing and purchase of equipment, as well as the applications and procurement of required permits and licenses for the microalgae joint venture project" and the "Company and Primeforth is discussing on the additional financing for the project". Please disclose:-*
  - a) *When the Company expects to start receiving revenue for this joint venture; and*
  - b) *The arrangement/agreement between the Company and Primeforth in funding the joint venture.*

#### **Reply 1:**

- a) Barring any unforeseen circumstances and/or unexpected delays, the Company expects the joint venture company to commence operation and generate revenue by November 2016.
- b) The Company had announced on 22 September 2015, that pursuant to the joint venture agreement dated 22 September 2015 with Primeforth, the Company had committed to provide financing of up to US\$12.5 million for the first Project.

The Company had on 5 October 2015, in its reply to SGX's queries announced that it shall contribute S\$1 million as the initial paid up share capital of the joint venture company. To-date, the Company has advanced S\$4.6 million for the first Project and details of its uses are disclosed in Reply 2 below.

As disclosed in the Announcement, the Company and Primeforth are in discussion on the funding of the Project. The discussion is still ongoing and the Company will make the necessary announcement when it is finalised. The Company has informed Primeforth that it is unlikely to provide the full funding of US\$12.5 million for the first Project as contemplated in the joint venture agreement by November 2016. Our discussions have considered seeking project financing, negotiating for suppliers' credit, and/or EPC contractors' credit, or downsizing the Project.

**SGX Query 2:**

*2) In paragraph 10 of the financial statement, it was disclosed also that “as at the end of the quarter, the Company has advanced S\$3.8 million” for the site preparation, applications and procurement of required permits and licenses for the joint venture. Please provide details and a breakdown on the utilization of this S\$3.8 million.*

**Reply 2:**

To-date, the Company has advanced a total of S\$4.6 million to Primeforth. Details and breakdown on its utilisation are as follows:

	<u>S\$000</u>
Civil Construction Works - progress payment	513
Order for Tank Making Machine	540
Down-payment for Harvest Machine	1,080
Algae seed order	405
Pre-construction works	41
Miscellaneous expenses	53
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Total Use of Funds	2,632
Cash Balance	1,968
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	4,600
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The Company wishes to further advise that the funds advanced is sufficient for the Project to commence and generate revenue, albeit, on a reduced capacity.

**By Order of the Board  
Innopac Holdings Limited**

Wong Chin Yong  
Managing Director & CEO

Date: 17 July 2016