

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

**REPLY TO SGX QUERIES ON THE COMPANY'S ANNOUNCEMENT
DATED 9 AUGUST 2020**

The Board of Directors of Innopac Holdings Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") wishes to provide the following information in response to the queries raised by the Singapore Stock Exchange Securities Trading Limited ("**SGX-ST**") dated 11 August 2020 in relation to our announcement dated 9 August 2020, regarding the receipt of a notice of demand from Joymaker International Limited and our of 15 August 2020 response:

Query by SGX-ST:

1. We refer to Innopac Holdings Limited's announcement dated 9 August 2020, pertaining to the receipt of a Letter of Demand dated 6 August 2020, from Joymaker International Limited (the "**Lender**" or "**Joymaker**"). The said Letter of Demand was for the claim amount of \$943,532.76 ("**Claim**"), being the outstanding loan amount as at 31 July 2020, under the Loan Restructuring Agreement between the Company and Joymaker dated 12 July 2019. Please provide the background of Joymaker including but not limited to; the business and incorporation date of Joymaker, the beneficial shareholders and directors, the value of its issued share capital and the nature of its business with the Company.

Company's Response

- a. As announced on the SGXNet on 8 October 2018, the Company had entered into a secured loan agreement with Lender, a private company limited by shares incorporated in the British Virgin Islands whereby the Lender had agreed to lend up to S\$2,500,000 to the Company. As disclosed in the same announcement, the beneficial shareholder and director of Joymaker is Dato' Choo Beng Kai who is the group managing director of MasMeyer Holdings Sdn. Bhd.

In a separate announcement on 9 October 2018, Company had announced the proposed disposal of shares in subsidiaries and a proposed placement of new ordinary shares in the Company, and had disclosed, inter alia, that Dato' Choo, together with 10 other individual investors had entered into separate conditional subscription agreements with the Company to subscribe and pay for, collectively an aggregate of 8,400,000,000 new ordinary shares in the capital of the Company at an issue price of S\$0.01 per share, for total proceeds of S\$8,400,000 ("**Proposed Placement**"). It was further disclosed that Dato' Choo would emerge as largest shareholder and one of the controlling shareholders of the Company with 19.44% interest upon successful completion of the Proposed Placement. The Proposed Placement was eventually unsuccessful following the failure of the Company to meet certain conditions of the Proposed Placement.

Save for the disclosures above and our responses to an earlier SGX query dated 30 July 2019, we have no further information to disclose.

Query by SGX-ST:

2. Please disclose the nature of the debt, when was it extended to the Company, the principal amount and interest rate and the amount owing to-date, whether the loan was extended in cash and use of the proceeds thus far.

Company's Response

- a. As mentioned in 1(a) above, the debt was a secured loan for up to S\$2,500,000. As disclosed in our announcements dated 16 and 30 July 2020, the total outstanding debt as at 28 July 2019 amounted to S\$1,676,136.37, including all accrued interest, at an interest rate of 18% per annum. Since entering into the secured loan agreement, the loan had been extended in cash progressively and the breakdown and the use of the proceeds are as follows:

Application of loan	Disclosed in the 30 July 2019 announcement
Audit fees	\$91,722
Rental	\$82,948
Salaries	\$351,981
Deposit to Saxo Bank A/S for settlement	\$500,000
Professional fees	\$240,000
Creditors	\$239,992
Interest on Loan draw down	\$169,449
Total	\$1,676,136
Less Partial Settlement ¹	\$1,047,620
Principal debt following LRA	\$628,516

¹Under the Loan Restructuring Agreement ("LRA") announced on 16 July 2019, the Company had partially settled S\$1,047,260.02 of the outstanding loan via the effective transfer of two of the Company's properties in Malaysia. The remainder of the Loan of S\$628,516.35 as at 28 July 2019 was then restructured and due within twelve months from the date of the LRA.

- b. The Company requested the Lender to extend a further loan draw down of S\$50,000 to settle expenses for the salaries of \$30,000 per month, rental fee of \$10,000 per Month and S\$10,000 of professional fee and others
- c. As at 31 July 2020, as per lender's statement, the total outstanding debt is 943,532.76, including all accrued interest. We have written to the lender to ask for the details fo all interest and other fees accrued.

Query by SGX-ST:

3. To disclose whether this loan was recorded in the Company's financial statements and quantify the amount included;

Company's Response

- a. The loan has been recorded in the Company's latest financial statements as at 30 June 2019 as borrowings for the amount of \$1,384,000. In addition, S\$125,000 in loan interest has been provided as finance costs during the same period.

Query by SGX-ST:

4. Please elaborate on the details of the default pursuant to the Loan Restructuring Agreement dated 12 July 2019 and due date of the loan;

Company's Response

- a. The Company had defaulted on the payment of the loan which was became due and payable on 12 July 2020.

Query by SGX-ST:

5. It was disclosed that "the Company is currently reviewing and verifying the Notice of Demand". Please disclose the Company's findings on the exact amount outstanding and payable to Joymaker till to date (including any interest payable) as well as the Company's view(s) on whether Joymaker's Claim is valid.

Company's Response

- a. The Company is still verifying the exact amount outstanding and payable to Joymaker. The Company's view is that the Joymaker's Claim is valid subject to verification of the principal and interest charged.

Query by SGX-ST:

6. Please disclose if the Company has engaged in any negotiations with Joymaker and when; as well as the outcome of such negotiations.

Company's Response

- a. The Company is engaging with Joymaker in the verification of the exact interest quantum claimed and will update shareholders as and when appropriate.

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

Henry Lim Heng Lin
Independent Director

21 August 2020