

**RESPONSE TO REGCO'S QUERIES ON RECENT ANNOUNCEMENTS ON MOU WITH FEC
POWER SDN BHD AND MOU WITH WANLAND METRO SDN BHD**

The Board of Directors ("**Board**") of Innopac Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to respond to SGX Regco's queries as follows:

SGX Regco Queries

1. *On 8 June 2021, the Company announced that it had entered into a non-binding MOU in relation to the proposed acquisition (the "Proposed Acquisition") of the partial or entire share capital of FEC Power Sdn Bhd. The consideration for the Proposed Acquisition shall be satisfied through a combination of cash and the issuance of new ordinary shares in the Company.*

a. To disclose the consideration amount and the breakdown between the payment in cash and new ordinary shares which the Company to settle.

Company's Response:

The consideration amount as well as the composition of cash and shares which will make up the consideration amount, will be determined upon completion of the due diligence of FEC Power Sdn Bhd, the Company's proposed corporate restructuring plan and the advice of independent financial advisors (IFA), directors, industry experts and negotiations with the vendor on an arm's length basis.

b. To disclose the amount of cash the Company has on hand.

Company's Response:

To date, the Company has no material cash on hand available for its applications. However, there are deposits of about S\$700,000 in a subsidiary's Chinese JV capital account in China and S\$500,000 with Saxo Capital Markets in Singapore arising from a settlement agreement between the Company and Saxo Bank A/S entered on 1 April 2019 which has since lapsed and the parties resuming their legal contest. As such, these monies cannot be readily repatriated or used for any day-to-day operational expenses of the Company.

c. To disclose how the Company is able to make acquisitions with cash when it cited lack of funds to engage a lawyer for its JM application and failed to make payment for professional services on time. The Company also failed to announce its financial results, among other actions due to the lack of cash.

Company's Response:

Part of the Company's proposed corporate restructuring plan will include, *inter alia*, fund raising via a proposed private placement or rights issue. Pursuant to that, the proceeds from the fund raising shall be applied towards the Proposed Acquisition, working capital and regularising its statutory reporting obligations, which includes, *inter alia*, the completion and audit of its financial reporting.

d. We refer to the Company's announcement on 6 June 2019 that a delisting notice has been served by the Exchange on 4 June 2019 as the Company has not met the requirements under the Listing Rule 1314 for its removal from the Watch-list by 2 June 2019. Please note that as a delisting notice has been served, the Company will be delisted shortly, in due course.

Company's Response:

Notwithstanding the SGX-ST delisting notice which has been served to the Company 2 years ago, the Directors intends seek the views and advice of SGX-ST in relation to the Company's proposed corporate exercise that is aimed towards resuscitating the Company's prospects. The Directors are of the opinion that all reasonable efforts should be expended, including this proposed corporate exercise, to preserve and enhance the value of the Company for its shareholders and other stakeholders. In that regard, the Company appreciates further direction and consultation with the SGX-ST on the possibility of relisting.

2. *QUERY - Query on Company's announcement of its wholly-owned subsidiary, Awana Rentak Sdn Bhd ("ARSB") has signed a MOU for a land development joint venture of a piece of industrial land owned by ARSB in Tanjong Malim, Perak in Malaysia with Wanland Metro Sdn Bhd ("WMSB"). Under the MOU, WMSB has proposed to develop the 48.4 acres of industrial land owned by ARSB at their sole expense into an industrial park where ARSB will be entitled to 30% of the gross revenue of the development.*

- a. To disclose the fair market valuation of the piece of 48.4 acres of land owned by ARSB, the book value and the total cost of construction for the project.**

Company's Response:

The Company intends to carry-out a valuation exercise to determine the current fair market value of the abovementioned land. As at 30 June 2018, the land had been valued at RM22 million which may not be representative given the current market conditions. The MOU is to allow WMSB the right to plan, conceptualize and confirm the development design and cost. As such, the construction costs for the proposed project have not been estimated at this juncture.

- b. To provide details of the construction project and disclose why the Company will only be entitled to 30% of the gross revenue of the development.**

Company's Response:

The details of the project shall be submitted to the Company upon completion of the design concept, technical drawings, feasibility study and financial analysis. The 30% entitlement of gross revenue was negotiated with WMSB based on current market sentiment, project risks and the general property market conditions in Malaysia and serves as a basis for the drafting of a formal JV Agreement in due course ("JV Agreement").

- c. To elaborate which entity will own the real estate during the period of the construction, upon completion of construction in relation to any unsold property on the land and also in the event the construction is terminated prematurely by WMSB.**

Company's Response:

For avoidance of doubt, the title of the land, and with it, the beneficial ownership, shall still reside with the Company during the period of construction. As for unsold property, these units shall be considered as stock with unrealised revenue, where WMSB and the Company shall determine such upon further negotiations and mutually agreed by the parties in accordance with the JV agreement.

- d. To explain when the Company will receive funds from the revenue sharing arrangement and what happens in the event where revenue has not been collected from end buyer upon completion of the construction. To disclose who is responsible for ensuring collectability of the sales proceeds and would the Company be compensated in the event the JV partner is unable to perform any or part of the collection of revenue. To disclose accordingly.**

Company's Response:

Upon signing of the JV agreement, the Company shall receive RM1 million with an additional RM500,000 to follow six months thereafter. WMSB shall be responsible for the sale and collection of sales proceeds from the proposed project, where these proceeds are to be placed under a stakeholders' account where certain amounts shall be released to WMSB to continue

construction and development activities in accordance to the JV Agreement. In the event the JV partner is unable to perform any or part of the collection of revenue, such shall be considered a breach of contract and appropriate action shall be taken, where such action shall be prescribed in the JV agreement.

- e. To provide details of the identity of the directors, key management and beneficial shareholders of WMSB and confirm whether they are independent parties and whether they have any relationship to the Company's current or former directors, key management and substantial shareholders.**

Company's Response:

As at the date of this announcement, the directors, key management and beneficial shareholders of WMSB are as follows:

Directors

1. Rosnizar bin Abdul Majid
2. Norkamal bin Zee
3. Nadia Nabila bte Ibrahim

Key Management/Designation

- | | |
|------------------------------|-------------------------|
| 1. Ku Seng Wan: | Chief Executive Officer |
| 2. Ar. Surea bin Mamat | Project Director |
| 3. Hj. Ibrahim bin Abu Bakar | Operations Director |
| 4. Mej. (B) Nasir bin Yacob | Senior Contract Manager |

WMSB has a paid-up capital of RM3,500,000 comprising of 3,500,000 shares of RM1.00 each. The shareholders of WMSB are as follows:

Shareholders

- | | | |
|-----------------------------|------------------|----------|
| 1. Rosnizar bin Abdul Majid | 3,250,000 Shares | (92.86%) |
| 2. Surea bin Mamat | 100,000 Shares | (2.86%) |
| 3. Nadia Nabila bte Ibrahim | 100,000 Shares | (2.86%) |
| 4. Norkamal bin Zee | 50,000 Shares | (1.42%) |

The persons above are independent parties and do not have any relationship to current or former directors, key management and substantial shareholders of the Company.

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

Lim Heng Lin, Henry
Independent Director
Date: 14 Jun 2021