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

MEMORANDUM OF UNDERSTANDING FOR JOINT VENTURE TO DEVELOP TANJONG MALIM LAND PARCEL

1. The Board of Directors of Innopac Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that the Company has on 10 May 2019 entered into a Memorandum of Understanding ("**MOU**") with Masmeyer Holdings Sdn Bhd ("**Masmeyer**") for a proposed joint venture between the Company and Masmeyer (collectively, the "**Parties**" and each a "**Party**") to explore the development of the leasehold land held under HSD 328, PT 16944, Mukim Hulu Bernam Timor, Daerah Mualim, Negeri Perak, Malaysia ("**Land**"), owned by the Company's subsidiary, Awana Rentak Sdn Bhd ("**Awana**"), into a an industrial and recycling hub comprising 24 plots of land with ready basic infrastructure or any other development type as the local authorities may approve (**"Proposed JV Development**").

2. Masmeyer is a private investment holding company incorporated in Malaysia in 2002, primarily in the businesses of real estate and has a good track-record in property development. Masmeyer's ultimate beneficial owner and Managing Director is Dato' Choo Beng Kai, who is also an Investor as described in the Company's announcements of 9 October 2018, 19 February 2019 and 24 April 2019 on the Proposed Placements, Proposed Disposal and Proposed Transactions (all as defined in the aforesaid announcements).

3. Under the terms of the MOU, the Parties have agreed that it is a condition to the consummation of the Proposed JV Development and the entry by the Parties into definitive agreements for the execution of the Proposed JV Development ("**Definitive Agreements**"), that the Proposed Placements be approved by the Singapore Exchange Securities Trading ("**SGX-ST**") and the shareholders of the Company ("**Shareholders**"), and be successfully completed.

4. The Parties have also agreed under the MOU to negotiate exclusively and in good faith with each other on the terms and conditions for Definitive Agreements for the Proposed JV Development during the ninety (90) consecutive calendar days from the date of the MOU or any other extended date, which may be mutually agreed by the Parties ("**Exclusivity Period**"). During the Exclusivity Period, each Party shall not enter into any negotiation with other third parties in connection with any transaction, or any matter involving a transaction which would preclude, restrict or delay the transactions mentioned or contemplated in the MOU, including the Proposed JV Development, or which is similar to the Proposed JV Development and not conduct or solicit similar activities nor approach or entertain enquiries from third parties in relation to such activities.

5. During the Exclusivity Period, *inter alia*,

   (a) the Company will allow Masmeyer to conduct (at Masmeyer's own cost) a detailed feasibility study and due diligence on Awana and the Land (including financial projections for the Proposed JV Development), the outcome of which shall form the basis of the Parties' negotiation for the substantive terms of the Proposed JV Development and contents of the Definitive Agreements, and (at the Company's own cost) procure for the Parties' consideration, a detailed updated independent valuation report of the Land by an independent valuer to be mutually agreed upon by the Company and Masmeyer; and

   (b) Masmeyer shall (at Masmeyer's own costs) procure and deliver a detailed development feasibility report on the Proposed JV Development and detailed financial projections for the Company's evaluation of the Proposed JV Development before the expiry of the Exclusivity Period.

6. Subject to the terms and conditions to be set out in the Definitive Agreements, the receipt of all the requisite approvals, consents and permits required to carry out the Proposed JV Development in the manner envisaged by the Parties, and compliance at all times by the Company with the Listing Rules and any directions of the SGX-ST, the Parties have proposed, *inter alia*, as follows in the MOU:

(a) To contribute to the equity value of the Proposed JV Development in the following manner:

(i) the Company, shall, through Awana, make the Land available free from all charges, mortgages, liens, caveats and whatsoever encumbrances to Masmeyer for the purposes of the Proposed JV Development; and

(ii) Masmeyer shall be responsible for all project management and construction works ("**Development Works**"), and be solely liable for all funding requirements of the Proposed JV Development, including but not limited to, securing the necessary project financing for the Proposed JV Development (where applicable), all the requisite funding to defray the costs of the Development Works and the Company's share of profits or return on investment, upon the terms and conditions to be set out in the Definitive Agreements.

(b) The Company shall co-operate with and assist Awana and Masmeyer in procuring the relevant and required licenses, permits, consents and approvals from the relevant regulatory authorities and entitled third parties for the purposes of carrying out the Proposed JV Development. Save that the Company shall continue to pay quit rent and/or other levy on the Land, the Company shall not have any other cash contribution or bear any other costs of the Proposed JV Development unless mutually agreed to with Masmeyer upon the completion of the due diligence and feasibility study.

(c) The Proposed JV Development will have an indicative gross development value of approximately RM82.0 million, subject to the outcome of Masmeyer's due diligence and feasibility study. Each Party's share of profits or return on investment from the Proposed JV Development shall be proportional to the value of their respective contributions to the equity value of the Proposed JV Development as described in paragraph 6(a) of this announcement above.

7. The Company's costs to be incurred for the Proposed JV Development is intended to be funded through internal resources and from part of the net proceeds from the Proposed Placements. Whilst the Proposed JV Development is expected to give rise to earnings of the Group in due course if the Proposed JV Development is consummated, the Proposed JV Development is not expected to have any material impact on the earnings per share or net tangible assets per share of the Company for the current financial year ending 30 June 2019.

8. Save as disclosed in this announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company, if any), in the above transaction.

9. The Company will make further announcements to keep Shareholders informed and updated upon execution of the Definitive Agreements and/or when there are material developments on the Proposed JV Development.

10. Shareholders and potential investors of the Company are advised to exercise caution in dealing with the securities of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed JV Development will proceed at all or proceed in the manner described in this announcement. Shareholders and potential investors of the Company are further advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt as to the actions they should take.

By order of the Board of
Innopac Holdings Limited

Leng Yew Chee Philip
Executive Director

11 May 2019