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

AGREEMENT BETWEEN EXTERA PTE LTD, ACEFORD LIMITED AND MR. LIANG GAOCHENG TO ESTABLISH A JOINT VENTURE IN THE PEOPLE'S REPUBLIC OF CHINA

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1. INTRODUCTION

Innopac Holdings Limited (the "Company") wishes to announce that Extera Pte Ltd ("Extera"), a subsidiary of the Company, has today entered into an Agreement with Aceford Limited ("Aceford") and Mr. Liang Gaocheng (梁高成) to establish a Chinese Joint Venture Company in Shandong Province, the People's Republic of China (the "CJV").

The primary business of the CJV is to distribute clean gasoline and diesel produced by Shandong Gaocheng Petroleum Technology Co., Ltd. (山东高成石油科技有限公司) ("Gaocheng Petroleum").

Through the CJV, the Company hopes to enlarge its footprint in the clean energy distribution business in China.

2. BACKGROUND

(a) Extera is an 81.81% owned subsidiary of the Company and its current investment is the 90% equity stake in Dezhou Sheng Rong Gas Co. Ltd. (德州胜荣燃气有限公司) ("Sheng Rong"), a Chinese-foreign joint venture company. The balance 10% equity interest is held by a Chinese private company;

(b) Aceford is an investment holding company owned by Mr. Liang Gaocheng and Mr. Duan Shenyu (段升余);

(c) Mr. Liang Gaocheng is a post-graduate from the Tsinghua University (清华大学), Beijing and he has been engaged in polymer and clean fuel research. He has the proprietary know-how for the production of high performance unleaded clean gasoline and diesel (Patent Application No. 01118350.0). The quality of the products has been tested by State authorities and met with China V standard of high performance clean gasoline. The technology received accolades and recognition from both state-owned and private oil companies. Gaocheng Petroleum together with the Chinese Academy of Scientific Research and Tsinghua University also founded a research and development institute which became an enterprise technology centre for integration of production, learning and research;

(d) Mr. Liang established Gaocheng Petroleum in May 2009 to commercialise his proprietary know-how. Gaocheng Petroleum is in the research, production and sale of high performance, unleaded clean gasoline and diesel. Its business and operations are located in Menglianggu Industrial Park, Shandong Province, the People's Republic of China. Gaocheng Petroleum operates a refinery with the capacity to produce up to 1 million tonnes of clean gasoline and diesel fuel annually.

3. SALIENT TERMS UNDER THE AGREEMENT

(a) The Parties have agreed to establish an intermediate investment holding company ("Intermediate Co") to hold a 90% equity interest in the proposed CJV to be incorporated in Qingdao, Shandong Province, the People's Republic of China. The remaining 10% shall be owned by Mr. Liang Gaocheng or his nominee.

(b) The shareholders of the Intermediate Co shall be Aceford -70% and Extera-30%.

(c) The CJV shall have a registered capital of RMB 30 million, which shall be contributed by Extera.

(d) The CJV shall be the exclusive purchaser and supplier of raw materials for Gaocheng Petroleum and be its sole marketing and distribution agent. Mr. Liang and Aceford have undertaken to procure and cause Gaocheng Petroleum to award these contracts to the proposed CJV.

(e) Mr. Liang Gaocheng and Aceford have undertaken to procure and cause Gaocheng Petroleum to give first right of refusal to the shareholders of the CJV, including Extera to participate and invest in new refineries in the People's Republic of China. Mr. Liang plans to expand his business and operations throughout China in the next few years.

4. FINANCIAL EFFECTS

This investment by Extera will be funded from internal resources and is not expected to have a material impact on the Group's earnings per share or net tangible asset per share for the current financial year.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company (other than in their respective capacities as a director and/or shareholder of the Company) has any interest in the CJV or this investment.

This investment was introduced by Mr. Wong Yu (王宇) who is the sole shareholder of Rubic Prize Limited, a substantial shareholder of the Company which owns 18.18% equity interest in Extera. No commission is payable to Mr. Wong Yu for bringing in this investment opportunity to the Group.

BY ORDER OF THE BOARD OF
INNOPAC HOLDINGS LIMITED

Wong Chin Yong

Managing Director & Chief Executive Officer

27 February 2015