



## **INNOPAC HOLDINGS LIMITED**

(Company Registration No. 197301788K)

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### **QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL**

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#### **INTRODUCTION**

Innopac Holdings Limited (the “Company”) was placed on the Watch-List pursuant to Rule 1311(1) of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) with effect from 3 June 2016.

The Company will have to meet the requirements under Listing Rule 1314(1) within 36 months from 3 June 2016, failing which the SGX-ST would delist the Company or suspend trading in the Company’s shares with a view to delisting the Company. Listing Rule 1314(1) states that an issuer on the Watch-List may apply to the SGX-ST for its removal from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months.

Rule 1313(2) of the Listing Manual, requires the Company to provide quarterly updates on its efforts and the progress made in meeting the exit criteria of the Watch-List, including where applicable its financial situation, its future direction, or other material development that may have a significant impact on its financial position.

The Board of Directors of the Company wishes to provide its First Quarter 2017 (Q1 2017) update to its shareholders and investors as follows:

#### **UNAUDITED FINANCIAL PERFORMANCE AND FINANCIAL POSITION**

The Company had released the unaudited results for Q1 2017 Q1 for the Company and the Group on 9 March 2017. Full details can be found on the SGX-ST and the Company’s websites.

The Company wishes to highlight that the Group’s loss was S\$0.6 million in Q1 2017 (Q1 2016: loss of S\$0.6 million). Loss per share was 0.01 cent in Q1 2017 (0.01 cent in Q1 2016).

The Company wishes to highlight that as at 31 March 2017, the Group and the Company had a net current liability of about S\$4.5 million and S\$5.8 million respectively. The Group’s net current liability position of S\$4.5 million is primarily due to about S\$12.3 million of trade and other payables to a creditor financial institution. The Management is currently in discussion with this financial institution on the resolution of this payable.

#### **CORPORATE DEVELOPMENTS**

Mr Bernard Ong Kheng Chye was appointed as an Independent Director of the Company on 31 March 2017, and was subsequently elected by shareholders at its 43rd Annual General Meeting held on 28 April 2017.

In line with the Company’s effort to make changes and renewal to the board of directors and succession planning, the Company had also reconstituted the Board and Board Committees on 28 April 2017, as follows:

#### Board of Directors

Mr Wong Chin Yong – Chairman & CEO

Dato' Moehamad Izat Emir

Mr Ong Kah Hock

Dr Arslan Kiochiev

Mr Yang Kiin

Mr Bernard Ong Kheng Chye

#### Audit Committee

Mr Bernard Ong Kheng Chye – Chairman

Mr Ong Kah Hock

Mr Yang Kiin

#### Remuneration Committee

Mr Bernard Ong Kheng Chye – Chairman

Mr Ong Kah Hock

Mr Yang Kiin

#### Nominating Committee

Mr Wong Chin Yong – Chairman

Mr Bernard Ong Kheng Chye

Mr Ong Kah Hock

The Company continues its search for new directors who can contribute to the Company and the Group's businesses and future.

### **FUTURE DIRECTIONS**

The Company is an investment and investments holding company, with the objective of building a portfolio of businesses and investments that can deliver consistent profits and cash flow as well as growth potential. The Company currently is focusing on environmentally-friendly and green technologies, alternative and renewable energy, and natural resources businesses.

The Company has two (2) main investments:

#### *(1) Gold exploration and exploitation Joint Venture*

The Company through its wholly-owned subsidiary, Golden Eagle Mining Pte Ltd, has a 50% equity interest in Artel Trade LLC ("Artel"), a Kyrgyz company which has a 63.72 sq. km. gold exploration and exploitation concession in the Kyrgyz Republic.

2016 work program had been limited to data analysis and mapping by Artel's local geologist, who has identified two prospective areas within the concession for further exploration in 2017. One of the area lies in the northern part of the concession and forms part of the Talas-Fergana fault and the other is an alluvial prospect in the Chatkal River.

The work program for 2017 is being prepared by local geologists for Artel's consideration and submission to the Geological Agency of the Kyrgyz Republic for approval. One of the main objective of the proposed 2017 work program is to include a test production program and to upgrade the alluvial gold reserves for registration in the State balance which will enable Artel to start commercial mining the alluvial gold.

#### *(2) Recovered Carbon Black Joint Venture*

The Company has 50% equity interest in Superior Carbontech & Solutions Sdn Bhd, a joint venture company with RC Carbon Sdn Bhd, to set up a Recovered Carbon Black ("rCB") production facility (the "Facility") to produce rCB from waste, end-of-life tyres char, and provide

waste management and recycling solutions, engineering procurement construction and project management services, with the primary focus on recovery of valuable by-products and generation of renewable energy through a joint-venture company in Malaysia. The Facility would have an estimated capacity of up to 28,800 MT per annum on a 24 hours x 300 days operations. The joint venture company's first year's planned production is 12,000 MT.

The Group has been seeking for the necessary financing for the project. It is expected that the Facility will be completed, commissioned and commence operations within 6 months after the necessary financing has been obtained.

The Group is looking to divest its investment in acquire the microalgae cultivation and extraction of oil project. The Group has received an expression of interest from an unrelated third party to acquire this project on a "as is where is" basis. The original budget commitment for the first facility (the "Facility") of the microalgae cultivation and extraction of oil project is US\$12.50 million. The Company has invested S\$6.00 million for the construction of a down-sized Facility. The down-sized Facility scale of operations is not economical and is not able to achieve the optimal results, accordingly the Company and its JV partner have decided to sell this investment/project.

The Company has been and is actively exploring to dispose of its investment properties in Malaysia, JV in China and the Sawyer Falls property rights in USA, and focus on the two abovementioned joint ventures.

Whilst the Company expects investments and business conditions to remain difficult and challenging, it remains optimistic that its investments are well positioned to be beneficial for its recovery and future. The Company is also currently evaluating several investments opportunities that could generate near term cash flow and contribute profitability to the Group.

*The Company's views on future directions are based on numerous assumptions regarding the Company's present and future business strategies and the future environment in which the Group will operate. These views necessarily involve risks, uncertainties and assumptions. Actual performance can differ materially from the Company's views on future directions and macro trends.*

By order of the Board  
**INNOPAC HOLDINGS LIMITED**

Wong Chin Yong  
Chairman & CEO

Date: 09 May 2017