



INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENT

1 INTRODUCTION

The Board of Directors ("**Board**") of Innopac Holdings Limited (the "**Company**"), with its subsidiaries, (the "**Group**") wishes to announce that the Company and has entered into a Sale and Purchase Agreement ("**Agreement**") with Solid Base Limited (the "**Purchaser**") on 16 January 2018, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase 1,610,000 ordinary shares in the issued and paid up capital of Trackplus Sdn Bhd ("**Trackplus**"), representing 35% of the total number of issued shares in Trackplus (the "**Sale Shares**") for a total cash consideration of S\$ 1,000,000.

As the Sale Shares represent the Company's entire interest in Trackplus, the Company will cease to have any interest in Trackplus after the sale.

2 INFORMATION ON THE AVAILABLE-FOR-SALE INVESTMENT

Trackplus Sdn Bhd ("**Trackplus**") is incorporated in the Malaysia, and is principally engaged in the business of property development in Malaysia. Trackplus is a special purpose vehicle company and owns only a parcel of land with an area of approximately 7,863 square metres at Section 13, Shah Alam, Selangor, Malaysia. The land which is on a leasehold title for 99 years and expiring on 22 January 2102, was valued at approximately S\$8,060,000 [equivalent to RM25,000,000]. Trackplus had on 4 December 2015 entered into a joint venture agreement with a developer in Malaysia to carry out residential and commercial development on the land. Under this agreement, the Developer shall pay Trackplus (i) 20% of the total sales price of the net saleable area from the development on the land, or (ii) the Guaranteed Minimum Consideration of S\$8,060,000 [equivalent to RM25,000,000], whichever is higher. Although the Company holds 35% of the equity interest in Trackplus, the Company has classified it as an Available-for-Sale Investment since 2012, instead of an investment in associate as the Company has no power to exercise significant influence in its financial and operating policy decisions.

Based on the latest announced consolidated audited financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**"), the Company's investment in Trackplus was recorded at S\$1.542 million.

3 INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the Republic of Seychelles and is beneficially owned by Mr Sim Kiang Chiok.

4 RATIONALE

The Company has been seeking to realize its 35% equity interest in Trackplus since the Investment was classified as Available-for-Sale Investment in 2012. The Developer has not carried out any development on the Trackplus land since entering into the joint venture agreement on 4 December 2015, and the Company is not optimistic about a positive development in the project in the near future and will possibly need further capital funding in the event of furthering the project on its own or with other developers. As the Board does not intend to fund any more capital injection into Trackplus, the Disposal is viewed as an opportune time to dispose of this Available-for-Sale Investment.

5 CONSIDERATION AND USE OF PROCEEDS

5.1 Consideration

The consideration for the Disposal is S\$1,000,000 (“**Consideration**”) and shall be settled entirely in cash upon completion. The Consideration was arrived at arms-length and on a willing-buyer, willing-seller basis after taking into consideration the Company’s latest book value of its investment in Trackplus, the difficulty to realize the Investment since 2012, the minority interest and hence no power in exercising significant influence in financial and operating policy and a possible dilution in the event of a capital call by Trackplus, given the Company’s position not to increase its investments in Trackplus. The Consideration of S\$1,000,000 was deemed fair in view of the above considerations given that the Company did not manage to procure any offers for the Sale Shares since 2012.

The Consideration represents a deficit of S\$0.542 million over the net book value of the Available-for-Sale Investment as at 31 December 2016.

5.2 Use of Proceeds

The net proceeds from the Disposal shall be used for general working capital purposes for the Group.

6 RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced unaudited financial statements of the Group for the nine months ended 30 September 2017, the relative figures of the Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

Listing Rule	Content	Sale Investments (S\$'000)	Group (S\$'000)	Percentage (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value. This basis is not applicable to an acquisition of assets	1,542	10,655	14.5%
1006(b)	The net profits/ (losses) attributable to the assets disposed of, compared with the group’s net profits.	Not applicable		
1006(c)	The aggregate value of the consideration received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares.	1,000	8,922	11.2%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable		
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable		

On the basis of Rule 1006 above, the Disposal constitutes a “**Disclosable Transaction**” as defined in Rule 1010 of the SGX-ST Listing Manual.

7 FINANCIAL EFFECTS

7.1 Assumptions

The pro forma financial effects of the Disposal on the net tangible assets ("NTA") per share of the Company ("Share") and the earnings per Share ("EPS") are prepared purely for illustration only and do not reflect the actual future results and financial position of the Company and its subsidiaries ("Group") following Completion. The pro forma financial effects have been computed based on the audited consolidated financial statements of the Group for FY2016.

For the purposes of computing the effect of the Disposal on the NTA per Share, it is assumed that the Disposal had been completed on financial year ended 31 December 2016.

For the purposes of computing the effect on the Disposal on the EPS, it is assumed that the Proposed Disposal had been completed on financial year ended 31 December 2016.

7.2 NTA per Share

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA attributable to Shareholders (S\$'000)	12,239	11,697
Number of Shares ('000)	4,460,750	4,460,750
NTA per Share attributable to Shareholders (cents)	0.27	0.26

Note: (1) NTA per share is calculated based on the total number of issued ordinary shares as at 31 December 2016

7.3 EPS

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Net profit/(loss) attributable to Shareholders (S\$'000)	(3,361)	(3,903)
Weighted average number of Shares ('000)	4,441,690	4,441,690
EPS/(LPS) (cents)	(0.08)	(0.09)

Note: (2) EPS is calculated based on the weighted average number of ordinary shares in issue during financial year 2016.

8 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

None of the Directors or controlling shareholder of the Company has any direct or indirect interest in the Disposal, other than through their respective shareholdings in the Company.

9 DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Disposal.

10 MISCELANEOUS

A copy of the Agreement is available for inspection at the registered office of Innopac Holdings Limited at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 during normal business hours for a period of three (3) months from the date of this announcement.

**By order of the Board of
Innopac Holdings Limited**

Wong Chin Yong
Chairman & CEO

16 January 2018