


INNOPAC HOLDINGS LIMITED

(Company Registration No. 197301788K)

Financial Statement & Dividend Announcement for the Second Quarter (6 Months) ended 31 December 2018 (Unaudited)
1(a) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP Q2			GROUP (6M months)		
	1.10.2018 to 31.12.2018 S\$'000	1.10.2017 to 31.12.2017 S\$'000	+/(-) %	1.7.2018 to 31.12.2018 S\$'000	1.7.2017 to 31.12.2017 S\$'000	+/(-) %
Revenue						
Net gain on trading of marketable securities	-	-	-	-	14	(100)
Rental income from investment properties	10	48	(79.2)	20	62	(67.7)
	10	48	(79.2)	20	76	(73.7)
Other operating (expenses)/income						
- Net gain from investment trading activities	17	33	(48.5)	17	19	(10.5)
Other income	32	2	1500.0	93	3	3000.0
Administrative expenses	(273)	(257)	6.2	(529)	(568)	(6.9)
Other expenses	(425)	(7,167)	(94.1)	(948)	(7,298)	(87.0)
Finance income	-	-	-	-	-	-
Finance costs	(19)	(4)	375.0	(24)	(7)	242.9
Share of profit/ (loss) of joint venture	2	-	n.m.	2	(5)	(140.0)
Loss before tax	(656)	(7,345)	(91.1)	(1,369)	(7,780)	(82.4)
Tax (expenses)/credit	(1)	20	(105.0)	(29)	19	(252.6)
Loss for the period	(657)	(7,325)	(91.0)	(1,398)	(7,761)	(82.0)
Other comprehensive (loss)/ income, net of tax						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	(3)	137	(102.2)	(95)	149	(163.8)
Total comprehensive loss	(660)	(7,188)	(90.8)	(1,493)	(7,612)	(80.4)
(Loss) attributable to:						
Owners of the Company	(666)	(7,276)	(90.8)	(1,390)	(7,702)	(82.0)
Non-controlling interests	9	(49)	(118.4)	(8)	(59)	(86.4)
Total comprehensive (loss)/profit attributable to :						
Owners of the Company	(669)	(7,139)	(90.6)	(1,485)	(7,553)	(80.3)
Non-controlling interests	9	(49)	(118.4)	(8)	(59)	(86.4)

n.m. : not meaningful

1(b) (i) Statements of financial position for the Issuer and Group, together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31.12.2018 (Unaudited) S\$'000	30.06.2018 (Audited) S\$'000	31.12.2018 (Unaudited) S\$'000	30.06.2018 (Audited) S\$'000
ASSETS				
Non-current Assets :				
Subsidiaries	-	-	2,322	2,322
Property, plant and equipment	62	69	27	28
Investment properties	8,789	9,008	-	-
Investments in joint venture	773	773	-	-
Available-for-sale investments	4,600	4,600	4,600	4,600
	14,224	14,450	6,949	6,950
Current Assets :				
Investments held for trading	83	66	66	72
Trade and other receivables and prepayments	2,308	2,350	1,922	2,683
Cash and cash equivalents	1,135	1,141	111	97
	3,526	3,557	2,099	2,852
TOTAL ASSETS	17,750	18,007	9,048	9,802
LIABILITIES AND EQUITY				
Non-Current Liabilities :				
Deferred tax liabilities	356	365	-	-
	356	365	-	-
Current Liabilities :				
Trade and other payables	14,962	14,438	7,235	7,526
Borrowings	828	-	828	-
Provision for directors' fees	48	161	48	161
Tax Payable	303	297	-	-
	16,141	14,896	8,111	7,687
Equity and Reserves :				
Share capital	121,572	121,572	121,572	121,572
Assets revaluation reserve	3,099	3,099	-	-
Share awards reserve	752	752	752	752
Share options reserve	1,154	1,154	1,154	1,154
Foreign currency translation reserve	(572)	(477)	-	-
Accumulated losses	(125,277)	(123,887)	(122,541)	(121,363)
Equity attributable to owners of the Company	728	2,213	937	2,115
Non-controlling interests	525	533	-	-
Total equity	1,253	2,746	937	2,115
TOTAL LIABILITIES AND EQUITY	17,750	18,007	9,048	9,802

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:—

(A) the amount repayable in one year or less, or on demand:

As at 31 Dec 2018	
Secured	Unsecured
S\$'000	S\$'000
465	363

(B) details of any collaterals:

The Group's secured borrowings are from a company and repayable in one year or less, or on demand as announced on (SG18100800THRK9VW). The borrowings are secured by fixed and floating charges over certain investment properties of the Malaysia subsidiaries. The secured investment properties are a residential apartment, 2 shop houses and a commercial industrial land. The unsecured borrowings are advances that were previously classified as non-trade creditors and have been reclassified into borrowings in this quarter upon confirmation of agreements. They are payable on demand.

1(c) A statement of cash flows for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		GROUP	
	Q2		H1 (6months)	
	1.10.2018 to 31.12.2018 S\$'000	1.10.2017 to 31.12.2017 S\$'000	1.7.2018 to 31.12.2018 S\$'000	1.7.2017 to 31.12.2017 S\$'000
Cash flows from operating activities :				
Loss for the period	(657)	(7,325)	(1,398)	(7,761)
Adjustments for :				
Tax expenses/(credit) recognised in profit or loss	1	(20)	29	(19)
Share of (profits)/loss of joint ventures	(2)	-	(2)	5
Net losses/(gains) from investments held for trading	(17)	(33)	(17)	(19)
Fair value gain on investment property	-	-	-	-
Impairment loss of trade and other receivables	-	72	-	72
Impairment loss of available-for-sale investments	-	542	-	542
Impairment loss on investment in joint venture	-	5,996	-	5,996
Write off other debtor, deposit & prepayment	3	-	3	-
Depreciation of property, plant and equipment	3	4	6	4
Loss on disposal of investment property	-	321	-	321
Provision for unutilized leave	3	13	7	20
Provision for directors' fee	23	(39)	48	(7)
Net unrealised foreign exchange loss/(gain)	7	(79)	184	(79)
Finance income	-	-	-	-
Finance costs	19	4	24	7
Operating cash flows before working capital changes	(617)	(544)	(1,116)	(918)
Investments held for trading	-	-	-	-
Trade and other receivables and prepayments	10	(77)	(45)	(142)
Trade and other payables	141	(329)	457	87
Derivate payables and other liabilities	-	-	-	-
Cash used in operations	(466)	(950)	(704)	(973)
Interest paid	(1)	(4)	(1)	(7)
Tax paid	(1)	-	(22)	(1)
Net cash used in operating activities	(468)	(954)	(727)	(981)
Cash flows from investing activities :				
Purchase of property, plant and equipment	-	(49)	-	(49)
Payments for joint venture investment	-	-	-	(8)
Proceeds from sales of investment property	-	802	-	802
Net cash generated from investing activities	-	753	-	745
Cash flows from financing activities :				
Proceeds from borrowings	470	-	721	-
Net cash generated from financing activities	470	-	721	-
Net increase/(decrease) in cash and cash equivalents	2	(201)	(6)	(236)
Cash and cash equivalents at the beginning of the period	1,133	1,371	1,141	1,406
Cash and cash equivalents at the end of the period	1,135	1,170	1,135	1,170

1(d)(i) A statement for the Issuer and Group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Share awards reserve	Share options reserve	Foreign currency translation reserve	Accumulated (losses)	Asset revaluation reserve	Attributable to equity holders of the Company	Non-controlling interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP									
Balance as at 1.7.2018	121,572	752	1,154	(477)	(123,887)	3,099	2,213	533	2,746
Loss for the period	-	-	-	-	(1,390)	-	(1,390)	(8)	(1,398)
Other comprehensive income/(loss):									
Exchange differences on translating foreign operations	-	-	-	(95)	-	-	(95)	-	(95)
Total other comprehensive income for the period, net of tax	-	-	-	(95)	-	-	(95)	-	(95)
Total comprehensive income/(loss) for the period	-	-	-	(95)	(1,390)	-	(1,485)	(8)	(1,493)
Issue of share under conversion of warrants	-	-	-	-	-	-	-	-	-
Grant of share awards	-	-	-	-	-	-	-	-	-
Grant of share options	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2018	121,572	752	1,154	(572)	(125,277)	3,099	728	525	1,253
Balance as at 1.7.2017	121,571	752	1,154	(783)	(115,299)	3,099	10,494	584	11,078
Loss for the period	-	-	-	-	(7,702)	-	(7,702)	(59)	(7,761)
Other comprehensive (loss)/income:									
Exchange differences on translating foreign operations	-	-	-	149	-	-	149	-	149
Total other comprehensive (loss)/income for the financial period, net of tax	-	-	-	149	-	-	149	-	149
Total comprehensive (loss)/income for the period	-	-	-	149	(7,702)	-	(7,553)	(59)	(7,612)
Issuance of share under conversion of warrants	1	-	-	-	-	-	1	-	1
Balance as at 31.12.2017	121,572	752	1,154	(634)	(123,001)	3,099	2,942	525	3,467

	Share capital	Share awards reserve	Share options reserve	Foreign currency translation reserve	Accumulated (losses)	Asset revaluation reserve	Attributable to equity holders of the Company	Non-controlling interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
COMPANY									
Balance as at 1.7.2018	121,572	752	1,154	-	(121,363)	-	2,115	-	2,115
Loss for the financial period	-	-	-	-	(1,178)	-	(1,178)	-	(1,178)
Other comprehensive income/ (loss) for the financial period:	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	-	-	-	-	-
Issue of share under conversion of warrants	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2018	121,572	752	1,154	-	(122,541)	-	937	-	937
Balance as at 1.7.2017	121,571	752	1,154	-	(113,092)	-	10,385	-	10,385
Loss for the financial period	-	-	-	-	(7,263)	-	(7,263)	-	(7,263)
Other comprehensive (loss)/income:									
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	-
Total other comprehensive (loss)/income for the financial period, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	-	-	-	-	(7,263)	-	(7,263)	-	(7,263)
Issue of share under conversion of warrants	1	-	-	-	-	-	1	-	1
Balance as at 31.12.2017	121,572	752	1,154	-	(120,355)	-	3,123	-	3,123

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The share awards, share options, and warrants outstanding during the period under review were as follow:-

GROUP / COMPANY	Number of share awards	No. of share options
Balance as at 1 July 2018	30,000,000	75,500,000
Lapsed / expired	-	(12,000,000)
Balance as at 31 December 2018	30,000,000	63,500,000

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

GROUP / COMPANY	No. of shares
Balance as at 1 July 2018	4,460,834,645
Issued of shares	-
Balance as at 31 December 2018	4,460,834,645

The total number of issued shares excluding treasury shares as at 31 December 2018 was 4,460,834,645.

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no treasury shares in issue as at the end of the current financial period reported on and its corresponding period.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on and its corresponding period.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

5. If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change?

The Group has adopted the same accounting policies and method of computations for the period under review as in the last audited financial statements. The Group had changed its financial year end from 31 December to 30 June (please refer to the announcement reference no.SG180110OTHR7LX3 dated 10 January 2018). The financial period for FY2019 will now cover 12 month period from 01 July 2018 to 30 June 2019.

6. **(Losses) / Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preferential dividends.**

	GROUP 2 ND Quarter ended 31 December	
	(Q2 2019) Cents	(Q2 2018) Cents
(Losses) per ordinary share based on net loss attributable to shareholders calculated on:		
(i) weighted average number of ordinary shares	(0.01)	(0.16)
(ii) a fully diluted basis	(0.01)	(0.16)

Losses per ordinary share for 31 December 2018 was calculated based on the weighted average number of shares of 4,460,834,645 (31 Dec 2017: 4,460,762,183) in issue during the period. The fully diluted losses per ordinary share for the current financial period reported on was calculated based on the weighted average number of shares of 4,460,834,645 (30 September 2017: 4,460,750,145) in issue during the period.

Diluted loss per share was calculated based on the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares. Shares awards granted but not vested, share options granted but not exercised, and warrants in issue at the end of the period under review, were excluded from the calculation of the diluted weighted average number of ordinary shares, as their effects are anti-dilutive.

7. **Net asset value for the Issuer and Group per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	31.12.2018 Cents	30.06.2018 Cents	31.12.2018 Cents	30.06.2018 Cents
Net asset value per ordinary share based on existing issued share capital	0.03	0.06	0.02	0.05

Computation of net asset value per ordinary share was based on 4,460,834,645 issued ordinary shares at the end of the period under review (30 June 2018: 4,460,834,645 ordinary shares).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Comments on the Group's Statement of Comprehensive Income

3 months to 31 December 2018 ("Q2 2019")

Rental Income from investment properties in Q2 2019, decreased by 79% to S\$0.01 million. There was no transaction on *gain/loss on trading of marketable securities* in this quarter. Overall, revenue decreased by 79% due to reduction in rental income and absence in *net gain on trading of marketable securities* in this quarter.

Net gains from investment trading activities in Q2 2019 of S\$0.017 million decreased by 48% as compared to S\$0.03million in Q2 2018. These net (losses) / gains are unrealised (losses) / gains arising from the changes in the fair value of the Group's investments in marketable securities.

Other income in Q2 2019 of S\$0.03 million arose from workman compensation claim for medical insurance was significantly increased by 1500% compared to Q2 2018. This is a one-time, ad hoc income from medical insurance claim.

Administrative expenses increased slightly by 6.2% to S\$0.27 million in Q2 2019 from S\$0.26 million in Q2 2018 mainly due to Annual General Meeting expenses.

Other expenses decrease by 94.1% to S\$0.43million in Q2 2019 from S\$7.17million in Q2 2018, mainly due to absence of impairment loss on available for sale and joint venture investment.

Loss for the period decreased to S\$0.66million from S\$7.3million in the corresponding period in Q2 2019.

There was an exchange loss on *translation of foreign operations* of S\$0.003 million in Q2 2019, as compared to a gain of S\$0.1million in Q2 2018. The exchange differences were mainly due to the net effect in translating the foreign currency denominated financial statements of its subsidiaries into Singapore Dollar for reporting purposes.

6 months to 31 December 2018

Revenue in the 6 months ended 31 December 2018 ("6M 2019") decreased by 74% to S\$0.02 million from S\$0.08 million in the corresponding 6 months ended 31 December 2017, due to a decrease in rental income from the Group's investment properties and absence of trading of marketable securities in 6M 2019.

The net gain from investment trading activities was reduced by 11% in 6M 2019 due to lower unrealised gains arising from the changes in the fair value of the Group's investments in marketable securities.

Other income increased by a gain of S\$0.1 million in 6M 2019 from S\$0.003 million gain in the corresponding 6M ended 31 December 2017 due to a one off income from medical insurance claims and workmen compensation.

Administrative expenses decreased slightly to S\$0.53 million in 6M 2019 from S\$0.57 million in the corresponding 6M ended 31 December 2017. The decrease was mainly due to revision of rates in director fee.

Other expenses decreased by 87% to S\$0.95 million in 6M 2019 from S\$7.3 million in the corresponding 6M ended 31 December 2017, mainly due to impairment loss on available for sale and joint venture investment. Finance costs increased by 243% to S\$0.02 million in 6M 2019 from S\$0.01 million in the corresponding 6M ended 31 December 2017 due to borrowing cost interest from short term loan.

Loss for the period decreased by 82% to S\$1.4 million in 6M 2019 from S\$7.8 million in the corresponding 6M ended 31 December 2017.

There was an exchange loss on translation of foreign operations of S\$0.09 million in 6M 2019, as compared to a gain of S\$0.15 million in the corresponding 6M ended 31 December 2017. The exchange differences were mainly due to the net effect in translating the foreign currency denominated financial statements of its subsidiaries into Singapore dollar for reporting purposes.

Review of the Group's Statement of Financial Position as at 31 December 2018 compared with 30 June 2018

There was a decrease of 10% in *property, plant and equipment* as at 31 December 2018 compared to 30 June 2018 due to depreciation for the plant and equipment.

Investment properties comprised residential and commercial properties held for income and capital gain, decreased to S\$8.8 million as at 31 December 2018 from S\$9 million as at 30 June 2018. The decrease was mainly due to exchange rate translation losses.

Investments in joint venture remained unchanged at S\$0.77 million as at 31 December 2018. The Group's *investments in joint venture* as at 31 December 2018 represents its investment in the gold exploration and exploitation project in the Kyrgyz Republic.

The Group's *available-for-sale investments* as at 31 December 2018 remained unchanged from 30 June 2019 at S\$4.6 million, comprising the rights to receive the net proceeds from 60 finished lots of land situated at Falling Waters, Pierce County, Washington State, U.S.A.

Overall, *non-current assets* decreased by 1.6% to S\$14.22million as at 31 December 2018 from S\$14.45 million as at 30 June 2018.

Current assets decreased slightly by 1% to S\$3.5 million as at 31 December 2018 from S\$3.6 million as at 30 June 2018. The changes were due to:

- *Other receivables and prepayments* decreased 1.8% to S\$2.31 million as at 31 December 2018 from S\$2.35 million as at 30 June 2018.
- *Cash and cash equivalents* decreased 0.5% to S\$1.13 million as at 31 December 2018 from S\$1.14 million as at 30 June 2018.

Trade and other payables increased by 4% to S\$14.96million as at 31 December 2018 from S\$14.44 million as at 30 June 2018. The increase was mainly due to increase in unpaid expenses.

Provision for directors' fees decreased by 70% as at 31 December 2018 as compared to 30 June 2018. The director fees for prior years under *provision for director fees* were reclassified and transferred into *other payables* when declared but remain unpaid.

Tax payable increased by 2% due to a tax payable of a subsidiary in Malaysia.

The Group's *Current liabilities* increased by 8% to S\$16.1 million as at 31 December 2018 compared to S\$14.9 million as at 30 June 2018.

The Group *Current liabilities* exceeded *current assets* by S\$12.6 million as at 31 December 2018.

As at 31 December 2018, the Group's current ratio was 0.22 times, as compared to 0.24 times as at 30 June 2018.

The Group's *Non-current liabilities* declined 2.5% as at 31 December 2018 compared to 30 June 2018 due to revaluation on currency differences. Non-current liabilities were represented by deferred tax liabilities, which is the estimated tax payable calculated on the difference between the carrying amount of the Group's investment properties and its costs.

Total equity decreased 54% to S\$1.3 million as at 31 December 2018 from S\$2.7 million as at 30 June 2018.

Comments on Cash flow

Q2 2019 vs Q2 2018

Operating cash outflows before working capital changes in Q2 2019 were S\$0.6 million. These outflows were financed by trade and other payable of S\$0.14 million and prepayments of S\$0.01 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.47 million. There were \$0.47 million cash inflow from proceed of borrowings arising from financing activities and there were no cash flow from investing activities for Q2 2019.

Operating cash outflows before working capital changes in Q2 2018 were S\$0.54 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.95 million. These outflows were financed by cash inflow from investing activities of S\$0.75 million.

6M 2019 vs 6M 2018

Operating cash outflows before working capital changes for 6 months ended 31 December 2018 ("6M 2019") were S\$1.12million. These outflows were financed by trade and other payable of S\$0.46 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.73 million. There were \$0.72 million cash inflow from proceed of borrowings arising from financing activities and there were no cash flow from investing activities for 6M 2019.

Operating cash outflows before working capital changes 6 months ended 31 December 2017 ("6M 2018") were S\$0.92 million. These outflows were financed by trade and other payable of S\$0.87 million. Net cash outflows arising from operating activities (after movement in working capital) was S\$0.98 million. These outflows were financed by cash inflow from investing activities of S\$0.75 million of proceeds from sale of investment property.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next twelve months.

Fund Raising Initiatives by the Company

Since early 2018, the Company has been attempting to raise funds to strengthen its financial position despite encountering unexpected events, such as SGX Regco's Notice of Compliance and the Saxo Bank A/S claim (see update below). Notwithstanding, the Company has on 6 October 2018 entered into share subscription agreements with 11 investors for a proposed placement to raise a total gross proceeds of S\$8.4 million, as announced on 8 October 2018 ("Proposed Subscription").

Also as announced on 8 October 2018, the Proposed Subscription is conditional, inter alia, upon the successful completion of the Proposed Disposal, extension by SGX-ST of the deadline to exit the watch-list, and Shareholders' approval of the Proposed Subscription and Proposed Disposal at an Extraordinary General Meeting ("EGM") to be convened.

The Company is now in the midst of preparing a Circular to Shareholders for submission to SGX-ST for review and approval. Additionally, the Company has complied with SGX-ST's direction to engage a professional valuer to conduct an independent valuation of the subsidiaries to be disposed in the Proposed Disposal. The Company will provide Shareholders with further updates in due course when the valuation report is issued.

The progress and future business plans of the Company and Group are dependent on the successful completion of the share subscription and fund raising and time is of the essence. The first drawdown of the loan provided by a company owned by Dato' Choo Beng Kai will come due and payable in April 2019.

Board Renewal and Succession

In the last week of December 2018, Dato' Moehamad Izat Emir and Dr Arslan Koichiev resigned as Independent Directors of the Company to facilitate Board renewal, succession and for good governance. Their resignation will pave the way for new directors to join the Company to provide fresh insights and direction to the Group. Similarly, Mr Ong Kah Hock and Mr Wong Chin Yong have served notice to resign as directors of the Company. Mr Wong Chin Yong also served notice to retire as the Chief Executive Office on 31 March 2019.

Mr Ong Kah Hock has since resigned on 22 January 2019.

The Company has since appointed two new independent directors, Mr Chong Chun Chieh and Mr Yeoh Meng Yau on 14 January 2019 and 21 January 2019, respectively. Both Mr Chong and Mr Yeoh are professionally qualified accountants and they have extensive experiences and exposure in investments, corporate and finance.

The Board is head-hunting for a new Chief Executive Officer in view of Mr Wong's notice to retire, and other key personnel.

Saxo Bank A/S Litigation

On 1 June 2018, the Company received a letter of demand from the solicitors acting for Saxo Bank A/S for S\$14,689,028 to settle the negative account balances of two of its subsidiaries.

On 24 October 2018, the Company was served with a writ of summons in the High Court of the Republic of Singapore filed by Saxo Bank A/S claiming S\$15,020,238.02 from the Company to settle the accounts of two of its subsidiaries ("Claim"). This writ of summons is related to the letter of demand of 1 June 2018.

The Company has taken legal advice from its solicitors and is disputing the Claim, as it believes that the Claim has no merit. The Company intends to strenuously defend the Claim. The Company will make further announcements on any material developments, as and when appropriate.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No dividend has been declared.

(b) (i) Amount per share

Not applicable.

(ii) Previous corresponding period

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which registrable transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividends have been recommended for the current financial period.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained, and there was no such transaction during the reported financial period.

- 14. Negative confirmation pursuant to Rule 705(5)**

Wong Chin Yong and Leng Yew Chee Philip, being two directors of Innopac Holdings Limited, do hereby confirm on behalf of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's unaudited financial statements for the second quarter ended 31 December 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wong Chin Yong
Director
Dated: 28 January 2019

Leng Yew Chee Philip
Director
Dated: 28 January 2019

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

By Order of the Board

Wong Chin Yong
Managing Director and Chief Executive Officer

Dated: 28 January 2019