



**Securities Investors Association (Singapore)**

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)

UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Innopac Holdings Limited

**Security:** Innopac Holdings Limited

**Meeting details:**

Date: 30 October 2018

Time: 11.00 a.m.

Venue: Ibis Singapore at Bencoolen, Level 1 Jasmine 1 & 2, 170 Bencoolen Street, Singapore 189657

**Company Description**

Innopac Holdings Limited, an investment holding company, invests in marketable securities in Singapore and other Asian countries. The company operates through Products Trading, Investment Trading, and Investment Holding segments. It is also involved in the distribution of energy and fuel, including compressed natural gas; and the investment in residential and commercial properties. The company was formerly known as Inno-Pacific Holdings Ltd and changed its name to Innopac Holdings Limited in October 2012. Innopac Holdings Limited was incorporated in 1973 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=I26](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=I26))

1. On 13 April 2018, in an announcement titled “Regulatory actions by SGX”, the Singapore Exchange Regulation (SGX RegCo) inform the company that it was required to:

- (a) undertake an interim audit on its financial results for the 12 month period ended 31 December 2017 and to complete the interim audit by 31 May 2018. The interim audit was to provide clarity on (i) the company’s state of affairs i.e. whether the company is able to operate as a going concern; (ii) whether the company has any active business operations failing which, the company would be designated as a cash company under the Listing Rules; and
- (b) appoint a Professional Firm acceptable to the Exchange by 12 May 2018 to conduct a review on the group’s investment processes and to recommend improvements in controls (“Investment Process Review”), if any, and to announce findings of the Investment Process Review. The terms of reference of the Investment Process Review must be cleared with the Exchange

On 11 May 2018, the company announced that it has obtained an extension of the deadline to appoint a Professional Firm to 18 May 2018, which was further extended to 28 May 2018 on 21 May 2018. On 28 May, the company appointed Provenance Capital Pte. Ltd.

On 1 June, the company announced that it had appointed Baker Tilly TFW LLP to conduct the Interim Audit pursuant to the Notice and that the deadline has been extended to 30 June. The draft Interim Audit report was submitted to the company on 9:45pm on 29 June.

On 30 June 2018, the company announced that the Audit Committee and the directors gave instructions to the company to request for an extension of time so as to give the directors the time to review the draft report and to meet with the Auditor on this matter. The company has said that it would be applying to the exchange to extend the deadline to 31 July.

There have been no more updates following the 30 June 2018 announcement.

**Would the board, especially the independent directors, provide a detailed update to the company’s efforts (including the timeline) at meeting the requirements of SGX RegCo as stated in the Notice of Compliance dated 13 April 2018?**

2. As noted in the Chairman’s & CEO’s statement, the company entered into 3 transactions, namely:

- (a) a short-term loan of up to \$2,500,000;
- (b) the proposed disposal of certain non-performing assets for a total consideration of \$100,000; and
- (c) the proposed share placement of up to 8,400,000,000 new ordinary shares at \$0.001 per new share in the company for a total gross proceeds of \$8,400,000.

From the SGX announcement titled “Entry into secured loan agreement” dated 8 October, the salient terms of the loan include, inter alia, interest rate of 18.0% per annum, a default

interest rate of 3% per month of such amount due and payable and a prepayment of 5% of any sum prepaid prior to its due date.

- (i) Did the board, especially the independent directors, review and evaluate the terms of the loan?**
- (ii) Given that the company intends to use the loan to pay for working capital and other creditors, can the board/management tell shareholders if this is a sustainable arrangement?**
- (iii) Specifically, can the audit committee elaborate further why it is prudent to use high-cost, short-term loans as working capital? What would be the company's plans at the end of the six month (after the draw down) when the loans mature?**

3. Further to the company's announcement dated 5 January 2018 and as disclosed in the Notice of Compliance, the exchange also informed the company of its opinion that the company falls under the definition of a cash company and should be suspended under Listing Rule 1303(2).

In addition to the proposed sale of the non-performing assets, the joint venture to establish a microalgae cultivation project is also not proceeding.

- (i) Would the developments since January 2018 strengthen SGX's case that the company is a cash company?**
- (ii) What are the board's plans to acquire a new core operating business that can create long-term sustainable value for all shareholders?**
- (iii) Please update shareholders on the group's business model, including the key success factors and key drivers of value for the group. In addition, shareholders would like to understand in greater detail the strategies and the key performance indicators (KPIs) used by management/board.**
- (iv) The company has not included a Sustainability Report in its annual report. Under the SGX guidelines for sustainability reporting that was introduced in 2016, companies have up to 12 months from the end of the financial year to publish their first report, starting with any financial year ending on or after 31 December 2017. Rule 711B states that the sustainability report must describe the issuer's sustainability practices with reference to the following primary components: (a) material environmental, social and governance factors; (b) policies, practices and performance; (c) targets; (d) sustainability reporting framework; and (e) board statement. **Could the board/management clarify if it will be publishing a full Sustainability Report, including the key material issues affecting the company, in accordance with Rule 711B? The company should also show how the material issues affect its business model and how the business model delivers long term value for its stakeholders.****