INTRACO LIMITED
(Company Registration No. 196800526Z)
Incorporated in the Republic of Singapore

DISPOSAL OF INVESTMENT IN ASSOCIATED COMPANY

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1. INTRODUCTION

The Board of Directors of Intraco Limited (the "**Company**") wishes to announce that its indirect wholly-owned subsidiary, Intraco International (Shanghai) Co., Ltd ("**IIS**") has entered into a share sale and purchase agreement dated 25 March 2013 (the "**Agreement**") with Qingdao Huiruisheng International Trade Co., Ltd (the "**Purchaser**") for the sale of its entire 30% shareholding interest in 中鑫联（青岛）国际矿产有限公司[1] (hereinafter referred to as the "**Disposed Associated Company**") (the "**Disposal**").

2. INFORMATION ON THE PURCHASER AND THE DISPOSED ASSOCIATED COMPANY

2.1 The Purchaser is a company incorporated in Qingdao, the People's Republic of China ("**PRC**") on 20 January 2011 with an issued and paid-up share capital of RMB20 million. The Purchaser is an investment company focused on fast food packaging plants and engaged in trading of waste paper and coal.

2.2 The Disposed Associated Company was incorporated in Qingdao, PRC on 16 April 2008 with an issued and paid-up capital of RMB10 million as a 70:30 joint venture between L&R Capital (Beijing) Co. Ltd and IIS. The Disposed Associated Company is principally engaged in the business of trading or import and export of minerals such as iron ore, chrome ore, manganese ore and bauxite.

3. SALIENT TERMS OF THE DISPOSAL

3.1 Consideration

The aggregate consideration for the Disposal is RMB3.81 million (approximately S$0.76 million) ("**Consideration**"). The Consideration will be satisfied by the Purchaser in cash payable to the Company within three (3) months from the date of the Agreement.

The Consideration was arrived at on a willing buyer-willing seller basis and based on the capital amount invested by IIS of RMB3 million and interest at the rate of 6% per annum for the period from the date of the capital injection until 31 December 2012.

3.2 Conditions precedent

Completion of the Proposed Disposal is conditional upon, *inter alia*, the receipt by IIS of the Consideration and the receipt of a legal opinion from IIS's lawyers that all relevant documents provided by IIS for the transfer of its entire 30% shareholding interest in the Disposed Associated Company are correct and that the Agreement is valid, binding and enforceable.

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[1] In Singapore, the Disposed Associated Company, 中鑫联（青岛）国际矿产有限公司, has been translated as "CKI-Intraco Minerals Co., Ltd".

4. RATIONALE FOR THE DISPOSAL AND USE OF PROCEEDS

4.1 The Disposal is in line with the Company's strategy to dispose non-core investments to enhance the Group's financial position.

4.2 The net proceeds of RMB3.63 million (approximately S$0.72 million) from the Disposal will be used to fund the working capital requirements of the Group.

5. FINANCIAL EFFECTS OF THE DISPOSAL

5.1 In view of the possible Disposal taking place, and the financial effects thereof, for the financial year ended 31 December 2012 ("**FY2012**"), the Group classified the investment in the Disposed Associated Company as asset held for sale and recognised an impairment loss of S$0.11 million ("**Impairment Loss**"). The Impairment Loss was made having regard to the Consideration net of capital gains tax. The carrying value of the Disposed Associated Company in the books of IIS as at 31 December 2012 is S$0.72 million (or RMB3.63 million). Following the completion of the Disposal, the Group will not realise any deficit/excess of the proceeds over the carrying value or any net gain/loss on the Disposal.

5.2 The proforma financial effects of the Disposal as shown below are purely for illustrative purpose and are neither indicative of the actual financial effects of the Disposal on the net tangible assets ("**NTA**") and earnings per share ("**EPS**") of the Group nor indicative of the financial performance of the Group for the financial year ending 31 December 2013. The proforma financial effects have been prepared based on the latest announced unaudited consolidated financial information of the Company for FY2012 and on the following assumptions:

(a) in the calculation of NTA and NTA per share, for illustrative purposes, it is assumed that the Disposal has been completed on 31 December 2012; and

(b) in the calculation of the EPS, for illustrative purposes, it is assumed that the Disposal had been effected on 1 January 2012.

NTA and NTA per share

	Before the Disposal	**After the Disposal**
NTA (S$'000)	59,992	59,985
NTA per share (cents)	60.77	60.76

EPS

	Before the Disposal	**After the Disposal**
Net loss for the year (S$'000)	(8,877)	(8,891)
EPS (cents)	(9.00)	(9.01)

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 Based on the latest announced consolidated financial statements of the Company as at 31 December 2012, the relative figures computed on the basis set out in Rule 1006 of the Listing Manual in respect of the Disposal are as follows:

Rule 1006	**The Disposal (S$'000)**	**The Group (S$'000)**	**%**
(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value	(326)[(1)]	59,992	(0.5)
(b) The net profits/(loss) attributable to the assets disposed of, compared with the Group's net profit/(loss)	(1,470)[(1)]	(8,916)[(2)]	(16.5)
(c) The aggregate value of Consideration, compared with the Company's market capitalisation as at 22 March 2013, being the market day immediately preceding the date of the Agreement	762	59,236	1.3
(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis of computation is not applicable as this is a disposal and no equity shares will be issued		

Notes:

(1) Based on an exchange rate of S$1.00 : RMB5.00. The net asset value of IIS' 30% interest in the Disposed Associated Company as at 31 December 2012 was RMB(1.63) million. IIS' share of losses of the Disposed Associated Company in respect of FY2012 amounted to RMB7.35 million. However, the Group did not take into consideration its share of losses of the Disposed Associated Company in respect of FY2012 in view of the potential Disposal taking place, instead, the Group made an Impairment Loss of S$0.11 million for its investment in the Disposed Associated Company.

(2) The Group would have recorded a net profit before tax of S$0.6 million for FY2012 excluding the Impairment Loss, allowance for doubtful receivables, write-down of inventory and provisions for onerous contract and claims.

6.2 The relative figures calculated under Rule 1006(a) and Rule 1006(b) are in the negative or involves negative figures. Rule 1007(1) of the Listing Manual states that the Company should consult the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") if any of the relative figures computed pursuant to Rule 1006 is a negative figure.

6.3 Pursuant to the Company's consultation with the SGX-ST, the SGX-ST has advised that the Disposal is deemed as a discloseable transaction under Chapter 10 of the Listing Manual, and the Disposal should comply with Rule 1010 of the Listing Manual.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholding interests in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

8. SERVICE CONTRACTS

There are no Directors who are proposed to be appointed to the Board in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreement may be inspected during normal business hours at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 for a period of three (3) months from the date of this Announcement.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
25 March 2013