

## **HEADS OF AGREEMENT FOR JOINT VENTURE IN MYANMAR**

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### **1. INTRODUCTION**

The Board of Directors of INTRACO Limited (the “**Company**”) is pleased to announce that the Company has on 16 May 2013 entered into a non-binding Heads of Agreement (the “**HOA**”) with Tat Hong Holdings Ltd (“**Tat Hong**”) and Mr Aung Moe Kyaw for the purposes of establishing a joint-venture company in Singapore (the “**Singapore JV Co**”) to carry out the business of rental of cranes and distribution of cranes and excavators in Myanmar.

### **2. JOINT VENTURE**

Under the terms of the HOA, it is expected that:

- 2.1 Joint venture structure. The Singapore JV Co will carry out the business of distribution of cranes and excavators in Myanmar, and will incorporate a wholly-owned subsidiary in Myanmar to carry out the business of rental of cranes in Myanmar.
- 2.2 Shareholding in Singapore JV Co. The Company and Tat Hong will each hold 40% of the Singapore JV Co with the balance 20% to be held by Mr Aung Moe Kyaw. The Singapore JV Co is expected to have an initial paid-up capital of US\$3.0 million. The Company’s share of the capital in the Singapore JV Co of US\$1.2 million will be sourced from internally generated funds.
- 2.3 Parties obligations.
  - (a) The Company shall provide to the Singapore JV Co and its wholly-owned subsidiary (the “**JV Cos**”) its know-how and expertise in relation to incubating and operating the JV Cos.
  - (b) Tat Hong shall provide to the JV Cos its know-how and expertise in relation to the JV Cos business and operations.
  - (c) Mr Aung Moe Kyaw shall provide to the JV Cos his know-how on Myanmar regulations and market practices in relation to the JV Cos business and operations.

### **3. INFORMATION ON THE OTHER JOINT VENTURE PARTNERS**

- 3.1 Tat Hong. Tat Hong, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), is the seventh largest crane company in the world in terms of aggregate tonnage owned (*source: International Cranes, IC50 Ranking, June 2012*). Tat Hong has four key businesses – the distribution of cranes and heavy equipment, the rental of crawler and mobile cranes, the rental of tower cranes and general equipment rental.
- 3.2 Mr Aung Moe Kyaw. Mr Aung Moe Kyaw is a prominent Myanmar businessman with diverse business interests. He is best known as Chairman and Managing Director of International Beverages Trading Company Group, the leading alcoholic beverage producer and distributor in Myanmar. He is also actively engaged in the business community through the Union of Myanmar Federation of Chamber of Commerce and Industry (UMFCCI) and Myanmar Agro-base Food Product Manufacturing Association.

#### **4. SALIENT TERMS OF THE HOA**

- 4.1 The parties have agreed to enter into exclusive discussions with each other in relation to the proposed joint venture until 30 September 2013 or such other date as the parties may agree in writing.
- 4.2 The HOA is not legally binding and create no legal obligations on any party save for obligations relating to exclusivity, confidentiality, costs and governing law and jurisdiction.

#### **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Tat Hong is an associate of the Company's controlling shareholders, namely, Ng San Tiong, Ng Sun Ho, Ng San Wee, Ng Sun Giam, Chwee Cheng & Sons Pte Ltd, Tat Hong Investments Pte Ltd and TH Investments Pte Ltd. As such, the proposed joint venture will be an interested person transaction for the purposes of Chapter 9 of the SGX-ST Listing Manual.

Mr Wong Meng Choong, a Non-Executive Director of the Company is an employee of Tat Hong whilst Mr Ng San Tiong (Alternate Director to Mr Wong Meng Choong) is an Executive Director of Tat Hong.

Save as disclosed above, other than interests held through the Company as shareholders, none of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the proposed joint venture.

#### **6. RATIONALE**

The Company views the proposed joint venture with Tat Hong and Mr Aung Moe Kyaw as an opportunity to gain exposure to the leasing and distribution of crane business in Myanmar at a time when Myanmar is poised for a period of rising economic growth.

#### **7. FINANCIAL EFFECT OF THE PROPOSED JOINT VENTURE**

The proposed joint venture is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the financial year ending 31 December 2013.

The Company will continue to keep all its stakeholders updated on any material developments on a timely basis.

By Order of the Board

Lynn Wan Tiew Leng  
Company Secretary  
16 May 2013