

ESTABLISHMENT OF JOINT VENTURE IN MYANMAR

1. INTRODUCTION

The Board of Directors of INTRACO Limited (the “**Company**”) refers to its earlier announcement dated 16 May 2013 in relation to the non-binding Heads of Agreement entered into with Tat Hong Holdings Ltd (“**Tat Hong**”) and Mr Aung Moe Kyaw for the purpose of establishing a joint venture company to carry out the business of rental of cranes and distribution of cranes and excavators in Myanmar (the “**Business**”).

The Company is pleased to announce that it has on 28 August 2013 entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Tat Hong and Mr Aung Moe Kyaw, and that the parties have incorporated a joint venture company, Tat Hong Intraco Pte Ltd, in Singapore (“**Singapore JV Co**”) pursuant to the terms of the Joint Venture Agreement.

2. JOINT VENTURE

Pursuant to the terms of the Joint Venture Agreement:

- 2.1 Joint venture structure. The Singapore JV Co will carry on the business of distribution of cranes and excavators in Myanmar, and will incorporate a wholly-owned subsidiary in Myanmar, Tat Hong Intraco Heavy Equipment Co Ltd or such other name as the authorities may allow and as agreed by the parties in writing (“**Myanmar JV Co**”, and together with the Singapore JV Co, the “**JV Cos**”), to carry on the business of rental of cranes and other related business activities in Myanmar.
- 2.2 Shareholding in Singapore JV Co. The Singapore JV Co has been incorporated with a paid-up capital of US\$0.5 million, comprising 500,000 issued shares. The Company, Tat Hong and Mr Aung Moe Kyaw has subscribed for 200,000, 200,000 and 100,000 ordinary shares in the capital of the Singapore JV Co respectively. The Company and Tat Hong each holds 40% of the Singapore JV Co, with the balance 20% held by Mr Aung Moe Kyaw.
- 2.3 Standby capital. The parties have agreed to further invest an aggregate amount of US\$4.5 million in the Singapore JV Co, either by way of subscription(s) of shares and/or by way of extension of shareholders’ loans, in proportion to their respective shareholdings in the Singapore JV Co at any given time as and when such capital is required by the Singapore JV Co, subject to the necessary approvals and consents being obtained.
- 2.4 Responsibilities of the parties. The Company shall provide to the JV Cos its know-how and expertise in relation to incubating and operating the JV Cos, and shall use best efforts to assist the JV Cos in obtaining all relevant approvals, consents, permits and licences (if required) from all relevant authorities for the JV Cos’ Business. Tat Hong shall provide to the JV Cos all the necessary contacts, network and expertise in respect of the cranes to be rented by the Myanmar JV Co and the cranes and excavators to be sold or distributed by the JV Cos, as well as all other know-how in connection with the JV Cos’ Business and operations. Mr Aung Moe Kyaw shall provide to the JV Cos his know-how in relation to Myanmar regulations and market practices, and assist with local networking in connection with the JV Cos’ Business and operations.
- 2.5 Board of Directors of Singapore JV Co (the “**Board**”). Unless otherwise agreed by the parties in writing, the Board will consist of five (5) directors, of which two (2) shall be appointed by the

Company (one of whom will act as the chief executive officer of the Singapore JV Co (the “**Executive Director**”)), two (2) by Tat Hong and one (1) by Mr Aung Moe Kyaw. If there shall be a change in the shareholding proportion, then the number of directors each shareholder shall be entitled to nominate and appoint to the Board shall, to the extent possible, be adjusted to reflect the new shareholding proportions, unless otherwise agreed between the parties. The Executive Director shall have day to day control and supervision of the business and affairs of the JV Cos.

- 2.6 Right of Offer. So long as Tat Hong is a party to the Joint Venture Agreement, the parties agree to procure that whenever any JV Co wishes to (i) purchase any used crane or excavator; (ii) purchase any crane or excavator in respect of which the JV Co does not have any existing distributorship or agency rights in Myanmar; or (iii) hire any crane or excavator (each, a “**Transaction**”), that the JV Co shall ask Tat Hong to provide a fee quote in respect of the proposed Transaction based on the set of specifications required by the JV Co and such purchase/hire shall be conducted in accordance with the procedures set out in the Joint Venture Agreement.
- 2.7 Right of First Refusal and Tag Along. The parties have been granted rights of first refusal and tag along rights in respect of transfers of shares in the Singapore JV Co.

3. FINANCIAL EFFECT OF THE JOINT VENTURE

The Company’s share of the capital in the Singapore JV Co of US\$0.2 million was sourced from internally generated funds. The 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.

4. RATIONALE

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

5. CHAPTER 9 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “LISTING MANUAL”)

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 joint venture is an “interested person transaction” under Chapter 9 of the Listing Manual. As (i) the risks and rewards are in proportion to the equity of each joint venture partner, (ii) Tat Hong does not have an existing equity interest in the joint venture prior to the participation of the Company in the joint venture, and (iii) in view of the Audit Committee’s view in paragraph 6 below, the participation of the Company in the joint venture and in the provision of the standby capital (as described in paragraph 2.3 above) will not be subject to Rule 906 of the Listing Manual.

The Transactions and any other transactions to be entered into between the JV Cos and each of the Company and Tat Hong will be subject to the requirements under Chapter 9 of the Listing Manual.

Mr Aung Moe Kyaw is unrelated to the Company and Tat Hong. He is a prominent Myanmar businessman with diverse business interests.

6. AUDIT COMMITTEE STATEMENT

The Audit Committee is of the view that (a) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner; and (b) the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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 in this Announcement, and 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 joint venture.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Joint Venture Agreement may be inspected during normal business hours at the registered office of the Company at 8 Jurong Town Hall Road, #12-01 The JTC Summit, Singapore 609434 for a period of three (3) months from the date of this Announcement.

By Order of the Board

Busarakham Kohsikaporn
Company Secretary
28 August 2013