IPCO INTERNATIONAL LIMITED

(Incorporated in Singapore)
(Company Registration Number: 199202747M)

DISPOSAL OF 20% SHAREHOLDING INTEREST OF INDUSTRIAL ENGINEERING SYSTEMS PTE LTD ("IES") (THE "PROPOSED DISPOSAL")

1. Introduction

1.1 The Board of Directors of Ipco International Ltd (the "**Company**") wishes to announce that it has on 7 April 2016 entered into a sale and purchase agreement (the "**Agreement**") with Annica Holdings Limited (the "**Purchaser**") for the disposal of its 20% of the issued and paid up share capital (the "**Sale Shares**") of Industrial Engineering Systems Pte Ltd ("**IES**" or the "**Associate Company**") to the Purchaser (the "**Proposed Disposal**") for a total consideration of S$600,000.00 (the "**Consideration**").

1.2 As the relative figures computed under Rule 1006(c) of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") does not exceed 5%, the Disposal is considered a non discloseable transaction under Rule 1008 of the Listing Manual.

1.3 Please see paragraph 6 below for further details on the computation of the relative figures under Rule 1006 of the Listing Manual. Accordingly, the Disposal is not subject to the approval of the shareholders of the Company and only an announcement on the SGX-ST is required.

1.4 As the Disposal involves the disposal by the Company of its entire interest in the Associate Company, the Associate Company will cease to be an associate of the Company following the completion of the Proposed Disposal. As such, this announcement is also made pursuant to Rule 704(18)(c) of the Listing Manual.

2. The Disposal

2.1 Information on Industrial Engineering Systems Pte Ltd and the Purchaser

Industrial Engineering Systems Pte Ltd (Company Registration Number: 200307191D) ("**IES**") is a company incorporated in Singapore and having its registered address at One Raffles Place, #18-61, One Raffles Place, Singapore 048616. IES is engaged in the services of supply, design & engineering, manufacture, assembly, testing and commissioning of custom-made solutions for the offshore industries, such as Oil and Gas, Petrochemical and Environmental Treatment. As at the date of the Agreement, IES has an issued and paid up share capital of S$1,000,000 comprising 1,000,000 issued and fully paid up ordinary shares of S$ 1.00 each.

The Company owns 20% of the share capital of IES, which is represented by 200,000 fully paid up ordinary shares of S$1.00 each. IES is an associated company of the Company.

The Purchaser is a company incorporated in Singapore and its shares are listed on the Catalist Board of the Singapore Exchange Ltd.

2.2 Rationale for the Disposal

The Proposed Disposal is part of the Group's internal restructuring process to streamline the Group's investment activities.

2.3 The Consideration

The Consideration is based on arms-length negotiations and was arrived at on a willing-buyer willing-seller basis, reference to a valuation report prepared by AV Capital dated 1 April 2016. (the “**Valuation Report**”)

The Consideration is divided into two parts (i) S$100,000 in cash, to be paid within 3 months from the Completion Date in accordance with a promissory note issued by the Purchaser; and (ii) by the allotment and issue of new paid up ordinary shares of the Purchaser, aggregating a dollar value of S$500,000 (the “**Consideration Shares**”).

The number of Consideration Shares to be allotted and issued by the Purchaser shall be based on the weighted average price for trades done on the SGX-ST for the full market day on which the Agreement was signed.

2.4 Payment of the Consideration

The Consideration Shares shall be allotted and issued to the Vendor within three (3) months from the Completion Date. Upon completion as defined in the Agreement, IES shall cease to be an associated company.

2.5 Completion Date

The completion date for the sale and purchase of the Sale Shares shall be upon the fulfilment of the last of the conditions in Sale and Purchase the Agreement, and on a date when parties determine (the “**Completion Date**”).

3. Conditions

The Proposed Disposal shall be subject to, inter alia, the follow conditions:-

(A)

(i) The Purchaser having obtained all relevant approval and consent from its sponsor, Stamford Corporate Services Pte Ltd, the SGX-ST and/or such other persons or authorities as may be necessary or desirable

(ii) if necessary, the Vendor obtaining a waiver from compliance with Rule 1014 of the Listing Manual from the SGX-ST to hold an extraordinary general meeting (“**EGM**”) for the disposal of the Sale Shares, or the approval for disposal of Sale Shares is obtained from the shareholders of the Vendor Company by EGM;

(iii) all the shareholders of IES waive their right of first refusal to purchase the Sale Shares;

(iv) there being no requirement that shareholders' approval is required for the issue of the Consideration Shares; and

(v) approval for the listing and quotation of the Consideration Shares having been obtained by the Purchaser from the SGX-ST, and where such approval has been given with conditions, they are reasonably acceptable to the Purchaser.

(B) Completion is subject to the Conditions being satisfied or waived by the Purchaser pursuant to clause (A) above on or before the Completion Date unless otherwise agreed between the Parties.

(C) If the Conditions are not satisfied or waived on or before the Completion Date, each Party may terminate this Agreement and the other Party shall not have any claim against the Party so terminating the Sale and Purchase Agreement as a result of such termination.

(D) If the Conditions are not satisfied or waived by the Purchaser by the Completion Date, the Sale and Purchase Agreement shall cease to have any effect and no party shall have any claim against the other party for costs, damages, compensation.

4. Proceeds from the Disposal

The cash proceeds from the Disposal will be used to satisfy general working capital requirements, and pending deployment thereof, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

5. Financial Effects of the Proposed Disposal

The financial effects of the Disposal on the Group are for illustrative purposes only and are therefore not indicative of the actual financial performance or position of the Group after the completion of the Proposed Disposal.

As the net profit on the Proposed Disposal is S$117,453, this will not have a material impact on the consolidated net tangible asset value and earnings per share of the Group for the current financial year ending 30 April 2016.

For illustrative purposes only, the table below sets out the financial effects of the Proposed Disposal based on the following bases and assumptions:-

(a) The audited consolidated financial statements of the Company and its subsidiaries ("**Group**") for the financial year ended 30 April 2015; and

(b) The financial impact on the Group's consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Disposal was completed on 30 April 2015 and in relation to the Group's consolidated earnings per Share ("**EPS**"), computed based on the assumption that the Proposed Disposal was completed on 1 May 2014.

	Before the Proposed Disposal	**After the Proposed Disposal**
Share Capital		
- Issued and paid up share capital (S$'000)	263,687	263,687
- Number of Shares	5,100,799,986	5,100,799,986
Net Tangible Assets		
- NTA (S$'000)	36,704	36,821
- Number of Shares	5,100,799,986	5,100,799,986
- NTA per Share (Singapore cents)	0.72	0.72
Earnings Per Share		
- Loss after tax attributable to owners of the Company (S$'000)	(3,229)	(3,112)
- Number of Shares	5,100,799,986	5,100,799,986
- EPS (Singapore cents)	(0.06)	(0.06)

6. Relative Figures Computed On The Bases Set Out In Rule 1006 Of The Listing Manual

The relative figures computed on the bases pursuant to Rule 1006(a) to (d) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), in relation to the Proposed Disposal based on the latest announced financial results of the Company for its financial period ended 31 January 2016 are as follows:-

	Relative Figures for Proposed Disposal (%)
Rule 1006(a) – The net asset value of the assets to be disposed of, compared with the Group's net asset value	0.52 (1)
Rule 1006(b) – The net loss attributable to the assets acquired or disposed of, compared with the Group's net profit	(0.23) (2)
Rule 1006(c) – The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	2.35 (3)
Rule 1006(d) – The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:
(1)The unaudited consolidated net asset value of the Group for the financial period ended 31 January 2016 is S$96,042,000. As at 31 January 2016, the net assets attributable to the 20% of IES being disposed is S$499,344.
(2)The unaudited consolidated net profit before tax of the Group for the financial period ended 31 January 2016 is S$14,642,000. The unaudited net loss before tax for the financial period ended 31 January 2016 attributable to the 20% of IES being disposed is S$33,212.
(3)Based on the Company's existing issued ordinary share capital of 5,100,799,986 Shares and the volume weighted average price (VWAP) of S$0.005 for trades done on the Company's shares on the SGX-ST for the full market day on 6 April 2016 (being the full market day prior to the date of the Agreement), the Company's market capitalization on 6 April 2016 was S$25,503,999.93. The value of the consideration received for the Disposal is S$600,000.

On the basis of the relative figures computed on the bases pursuant to Rule 1006(a) to (d) of the SGX-ST Listing Manual, the Disposal constitutes a "Non-Discloseable Transaction" under the provision of Rule 1008 of the SGX-ST Listing Manual, and no announcement of the Proposed Disposal is required under the SGX-ST Listing Manual.

7. Interests Of Directors And Substantial Shareholders

None of the Directors or substantial Shareholders of the Company (other than in their capacity as Directors or Shareholders of the Company) has any interest, direct or indirect, in the Disposal. There are no Directors who are proposed to be appointed to the Company in connection with the Proposed Disposal.

Mr. Carlson Clark Smith, an Executive Director of the Company, is also a Director of IES.

Accordingly, Mr Carlson Clark Smith had abstained and will abstain from any decisions and negotiations related to the Proposed Disposal.

8. DOCUMENTS FOR INSPECTION

Copies of the Sale and Purchase Agreement and the Valuation report are available for inspection during normal business hours at the Company's registered office at 24 Pandan Road, Singapore 609275, for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
Carlson Clark Smith
Executive Director and Chief Financial Officer
7 April 2016