

IPCO INTERNATIONAL LIMITED

Company Registration No. 199202747M

Use of the Proceeds made pursuant to Proposed Issue and subscription of 1% unsecured equity linked redeemable structured convertible notes due in 2013 with an aggregate principal amount of up to S\$60 million (the “Notes”) - Update

As at 31 January 2010, Ipco International Limited (“the Company”) and the Subscriber had completed the issuance and subscription of an aggregate of S\$9,000,000 of the Notes. The Company has received net proceeds of approximately S\$8,865,000 from the Notes.

As at 31 January 2010, the Subscriber has exercised its right to convert a total of S\$8,950,000 of the Notes on hand. The converted Notes, with an aggregate principal value of S\$8,950,000, were converted into 426,068,374 conversion shares, and the existing issued share capital of the Company has increased from 1,322,531,612 ordinary shares to 1,748,599,986 ordinary shares.

Further to our announcements of 2 November 2009 and of 6 November 2009, the Board of Directors of the Company wishes to announce further utilization of the proceeds and as follows:

	Amount (S\$'000)
NET PROCEEDS FROM PROPOSED ISSUE	8,865
USE OF PROCEEDS:	
Funds transferred to Grand Prosper Group Ltd and its subsidiary Deshi Oil and Gas Exploration Co. Ltd (“Deshi”)	(1,742)
Funds transferred to Anlu, Dawu and XiaoChang Gas Distribution Networks and CNG Fuel Station Projects for business expansion in Hubei Province, PRC	(3,882)
Legal and Professional Fees for Proposed Issue	(121)
Working Capital	<u>(2,455)</u>
BALANCE:	665 =====

Because of timing differences between the growth and development of our projects in the PRC, until now a greater proportion of the Net Proceeds have been utilized for business expansion and new investment in our Hubei natural gas subsidiaries. We anticipate nonetheless that future allocations of Net Proceeds will eventually enable us to meet the cumulative 80% target for Deshi, as approved by the shareholders at the EGM held on 27 June 2008.

By the Order of the Board
Ipco International Limited
Carlson Clark Smith
Executive Director and Chief Financial Officer
11 February 2010