

PROPOSED DISPOSAL OF 40% INTEREST IN ABECHA PTE LTD

The Board of Directors of INTRACO Limited (the "**Company**") and its subsidiaries (the "**Group**") wishes to announce that the Company had on 2 August 2010 entered into a sale and purchase agreement (the "**Agreement**") with Sesami Venture Pte Ltd (the "**Purchaser**") and Mr Ong Teck Soon (the "**Guarantor**") for the disposal of the Company's 40% of the total issued and paid up share capital in Abecha Pte Ltd ("**Abecha**") to the Purchaser, upon the terms and subject to the conditions of the Agreement (the "**Proposed Disposal**"). The Purchaser is a company incorporated by Mr Ong, a Director of Abecha. Mr Ong is also a Director and majority shareholder of Sesami Holdings Pte Ltd which holds 57.6% interest in Abecha.

Information on Abecha

Abecha was incorporated in Singapore on 26 March 2001 and the principal activity is in the business of the development of e-commerce applications and information technology business. The Company acquired 20% of Abecha's shares in November 2005 and an additional 20% in July 2006 by way of a conversion of its shareholder's loan.

Consideration

The aggregate consideration for the Proposed Disposal is S\$776,035 (the "**Sale Price**"), which was arrived at on a willing buyer willing seller basis. A shareholder loan of S\$400,000 has been made by the Company to Abecha (the "**Shareholder's Loan**"). The Sale Price and the Shareholder Loan shall be payable by the Purchaser to the Company by 48 monthly instalments in accordance with the repayment schedule as follows:-

- (a) The first and second instalments of S\$24,501 each, totalling S\$49,002, shall be paid on 2 August 2010; and
- (b) The balance of S\$1,127,033 shall be repayable in 46 monthly instalments. Any part of the Sale Price and the Shareholder's Loan that remains unpaid on the completion date shall bear interest for each day until such part of the Sale Price and Shareholder's Loan is paid at the interest rate of 1.38% per annum.

Mr Ong, as the Guarantor, irrevocably and unconditionally guarantees to the Company, *inter alia*, the due and punctual payment, observance and performance by the Purchaser of all of the Purchaser's undertakings and obligations under the Agreement.

Conditions Precedent

The completion of the Proposed Disposal is subject to the following conditions precedent set out in the Agreement:

- (a) all consents and approvals (including approval from the shareholders of the Vendor, if required by Singapore Exchange Trading Limited) required under any and all applicable laws for the sale of the Sale Shares and to give effect to the transactions contemplated hereunder and all such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendor is a party or by which the Vendor or its respective assets are bound, being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Purchaser and the Vendor;
- (b) the warranties being true and accurate in all material respects as at the completion date;
- (c) none of the Purchaser or the Vendor having received notice of any injunction or other order,

directive or notice restraining or prohibiting the consummation of the transactions contemplated by this Agreement or notice that any of the foregoing is pending or threatened; and

- (d) none of the relevant authorities having enacted or proposed any legislation (including any subordinate legislation) which would prohibit, restrict, or delay the implementation of the transaction.

Completion

Completion of the Agreement ("**Completion**") shall take place within 3 days of the Company's receiving SGX's confirmation or approval from shareholders, as the case may be. On Completion, the Agreement shall deem to take effect from 2 August 2010.

Value of the Disposed Asset

As at 31 December 2009, the book value of Abecha was S\$919,000.

Financial Effects of the Proposed Disposal

The pro forma financial effects of the Proposed Disposal are purely for illustrative purpose and are neither indicative of the actual financial effects of the Proposed 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 2010. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Group for the year ended 31 December 2009 and on the assumptions below.

The assumptions are as follows:-

- (a) in the calculation of NTA and NTA per share, for illustrative purposes, it is assumed that the Proposed Disposal had been completed on 31 December 2009; and
- (b) in the calculation of the EPS, for illustrative purposes, it is assumed that the Proposed Disposal had been effected on 1 January 2009.

NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA (SGD'000)	78,221	78,078
Number of Shares ('000)	98,636	98,636
NTA per share (cents)	79.30	79.16

EPS

	Before the Proposed Disposal	After the Proposed Disposal
Net profit of the Group attributable to the shareholders (SGD'000)	3,105	2,962
Weighted average number of Shares ('000)	98,636	98,636
EPS (cents)	3.15	3.00

Relative Figures Computed Pursuant to Rule 1006 of the Listing Manual of the SGX

The relative figures for the above Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:-

Rule 1006	Bases	
(a)	Net asset value ("NAV") of assets to be disposed of, compared with the Group's net asset value as at 31 December 2009	1.17%
(b)	Net loss before tax (excluding impairment of goodwill) attributable to the assets disposed of, compared with the Group's net profits for the year ended 31 December 2009	-13.30%
	Net loss before tax (including impairment of goodwill) attributable to the assets disposed of, compared with the Group's net profits for the year ended 31 December 2009	-68.24%
(c)	Aggregate value of consideration received, compared with issuers' market capitalisation as at 30 July 2010, being the market day immediately preceding the date of the Agreement	2.28%
(d)	The number of equity shares issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as no shares will be issued as consideration.

As the relative number computed under Rule 1006(b) of the Listing Manual is negative, the Company is consulting the SGX pursuant to Rule 1007 of the Listing Manual to confirm whether approval from shareholders is required for the Disposal. The Company will make the relevant announcement when the confirmation from SGX is received.

Rationale for the Proposed Disposal

The 40% interest in Abecha is a non-core business. The core business of the Company is in trading and distribution of industrial materials, semiconductors and computer components. The Proposed Disposal is in line with the Company's strategy to dispose loss making non-core investments to enhance the Company's financial position.

Interest of Directors or Controlling Shareholders

None of the Company's directors or controlling shareholders has any interest, direct or indirect, in the proposed disposal.

Document for inspection

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 for 3 months commencing from the date of this announcement.

By Order of the Board

Annie Wong Sook Cheng
Chew Kok Liang
Company Secretaries
2 August 2010