INTRACO LIMITED
(Company Registration No. 196800526Z)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF A 70% STAKE IN THE KA GROUP

1. INTRODUCTION

The Board of Directors (the "**Board**") of INTRACO Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a term sheet dated 8 May 2014 (the "**Term Sheet**") with Mr. Soh Yong Poon and Ms. Soh Ying Sin (Mr. Soh Yong Poon and Ms. Soh Ying Sin collectively, the "**Vendors**", and together with the Company, the "**Parties**") in relation to the proposed acquisition (the "**Proposed Acquisition**") by the Company from the Vendors of shares constituting 70% of the total issued share capital of each of the following companies (the "**KA Group Shares**"):

(a) K.A. Building Construction Pte Ltd ("**KABC**");

(b) Firespray International (Singapore) Pte Ltd ("**FIS**");

(c) K.A. Fireproofing Pte Ltd ("**KAFP**");

(d) K.A. Fabric Shutters Pte Ltd ("**KAFS**"); and

(e) K.A. Firespray Sdn Bhd ("**KAFSB**"),

(collectively, the "**KA Group**" or the "**KA Group Companies**").

The KA Group Shares to be acquired pursuant to the Proposed Acquisition shall hereinafter be referred to as the "**Sale Shares**".

The aggregate consideration payable for the sale and purchase of the Sale Shares is expected to be S$16.6 million (the "**Consideration**"). Please refer to section 4.1 of this announcement for more information.

On the completion of the Proposed Acquisition and the Restructuring (as defined below), the Vendors will own in aggregate 30% of the remaining issued ordinary shares of the KA Group HoldCo (as defined below) and KAFSB, while the Company will hold its interest in the same through a wholly-owned subsidiary.

The Proposed Acquisition shall be based on the principal terms and conditions set out in the Term Sheet, and subject to further terms and conditions to be agreed and set out in definitive agreements proposed to be entered into between the relevant parties, which shall include a sale and purchase agreement to be negotiated and entered into between the Parties as soon as practicable but no later than six weeks following the execution of the Term Sheet (the "**SPA**").

Shareholders should note that the Proposed Acquisition is conditional, *inter alia*, on the execution of the SPA. Further announcements on this matter will be made in due course in the event that the SPA is signed, and as and when appropriate.

2. INFORMATION ON THE VENDORS AND THE KA GROUP

The information in this section of this announcement was provided by the Vendors.

Mr. Soh Yong Poon is the father of Ms. Soh Ying Sin. The Vendors are the founders of the KA Group.

The KA Group is a one-stop fire protection solutions provider. The particulars of the companies within the KA Group are as set out below:

Name	**Place of Incorporation**	**Type of Company**	**Principal Business Activities**
K.A. Building Construction Pte Ltd	Singapore	Private company limited by shares	Fire proofing contracting works and manufacturing
Firespray International (Singapore) Pte Ltd	Singapore	Private company limited by shares	Fire proofing contracting works and manufacturing
K.A. Fireproofing Pte Ltd	Singapore	Private company limited by shares	Fire proofing contracting works and manufacturing
K.A. Fabric Shutters Pte Ltd	Singapore	Private company limited by shares	Installation of fire protection system
K.A. Firespray Sdn Bhd	Malaysia	Private company limited by shares	Fire proofing contracting works and manufacturing

Based on the unaudited pro forma accounts prepared by the Vendors, the KA Group generated profit before income tax of approximately S$3.9 million for its financial year ended 31 December 2013. The profit before income tax attributable to the Sale Shares is approximately S$2.7 million. As at 31 December 2013, KA Group had a consolidated book and net tangible asset value ("**NTA**") of approximately S$9.9 million. The consolidated book value and NTA attributable to the Sale Shares is approximately S$6.9 million.

3. OBJECTIVES OF THE PARTIES AND RATIONALE FOR THE PROPOSED ACQUISITION AND BENEFITS TO THE COMPANY

3.1 Objectives of the Parties

The Parties believe that, based on the technical know-how and industry knowledge that the Vendors have and the strength of the network of contacts and connections as well as the resources of the Company, they can leverage on their respective expertise and strengths to grow the business of the KA Group and to work towards increasing the value of the KA Group. In particular, the intent of the Parties is to:

(a) institutionalize the expertise and know-how of the KA Group;

(b) enhance the management team of the KA Group to support the objectives of the Parties;

(c) grow the KA Group's business internationally; and

(d) institutionalize the corporate management process of the KA Group in the areas of corporate governance and business best practices.

3.2 Rationale for the Proposed Acquisition and Benefits to the Company

With the reconstituted Board and a dedicated management team on board since the start of 2013, the Company streamlined its operations and restructured its business in 2013 by disposing non-core assets and refocusing its efforts on its primary business, i.e. the plastics division. With the rationalization and consolidation of the Group's operations, the Company is now poised to seek new business platform(s) that will allow the Group to develop stable and diversified streams of income.

The steady growth of Singapore and regional economies has resulted in sustained activities in urbanization and infrastructure development projects, particularly in building/construction activities in the region. The Company's embarkation into niche specialized building-related products via the Proposed Acquisition will help to expand its revenue base and improve on its profitability. The rationale and benefits of the Proposed Acquisition to the Company are as follows:

(a) the KA Group, as an established manufacturer cum applicator of fire protection materials serving the building industry, will provide the Company with an immediate entry point into the industry and provide a good platform to further expand into other niche specialized building-related activities/products;

(b) the KA Group is run by the Vendors and a team of dedicated staff. It has a strong operating track record and has consistently produced attractive margins and profits which will help to enhance the Company's financial performance going forward;

(c) the high barrier of entry, in the form of a long cycle of stringent agency certification, places the KA Group in an advantageous position vis-a-vis new entrants to the industry; and

(d) the efforts of urban planning agencies in the region to raise awareness of the need for compliance with internationally accepted building and fire codes applicable to both old and new buildings will enable sustained demand for the KA Group's products and support the growth of the KA Group going forward.

The Proposed Acquisition will therefore provide the Company with the opportunity to acquire a profitable entity, and will be earnings accretive with significant opportunities for growth both locally and in the region.

4. KEY TERMS OF THE PROPOSED ACQUISITION

4.1 Consideration

The aggregate Consideration payable for the sale and purchase of the Sale Shares shall be the amount determined as follows:

70% x (2013 PAT x PE Multiple)

where:

"**2013 PAT**" shall be the net profit after tax of the KA Group for the 12-month period ended 31 December 2013 ("**FY2013**") based on the proforma consolidated accounts of the KA Group as if it had been constituted with the KA Group HoldCo (as defined below) as the 100% holding company of all the KA Group Companies (the "**FY2013 Proforma Accounts**"); and

"**PE Multiple**" shall be 7.2 times,

and provided always that:

(a) in the event the 2013 PAT is more than S$3,300,000, the 2013 PAT shall be deemed to be S$3,300,000 for the purposes of determining the Consideration; and

(b) in the event the 2013 PAT is less than S$3,200,000, and such figure would be higher than S$3,200,000 but for such adjustments deemed necessary by the reporting accountants appointed at the sole discretion of the Company, the Vendors may elect not to proceed with the sale and purchase of the Sale Shares.

The FY2013 Proforma Accounts shall be certified by the reporting accountants appointed at the sole discretion of the Company.

Based on the indicative valuation of the KA Group of S$23.8 million (based on the indicative 2013 PAT of the KA Group of S$3.3 million), the aggregate Consideration payable for the sale and purchase of the Sale Shares is expected to be S$16.6 million.

The method for calculating the Consideration was determined after arm's length negotiation between the Company and the Vendors, taking into account, *inter alia*, the price-earnings ratio of Catalist-listed companies on listing and the business prospects of the KA Group.

The Consideration shall be paid on the completion of the Proposed Acquisition (the "**Closing**") as follows:

(a) the first S$3.15 million shall be paid in the form of 5,000,000 new ordinary shares of the Company (the "**Consideration Shares**") to be issued at an issue price of S$0.63 per Consideration Share to the Vendors (between them, in such proportion as the Vendors shall notify the Company); and

(b) the balance of the Consideration shall be paid in cash in Singapore dollars to the Vendors (between them, in such proportion as the Vendors shall notify the Company).

The cash component of the Consideration will be funded by the Company by way of internal resources.

4.2 Restructuring

The Parties agree with one another that following the Closing, the KA Group Companies (other than KAFSB) shall be reorganised (the "**Restructuring**") to be wholly-owned by a Singapore company to be incorporated as the holding company of the KA Group (the "**KA Group HoldCo**").

4.3 Conditions Precedent

The obligation of the Company to consummate the Closing shall be conditional on and subject to, *inter alia*, the following:

(a) the Company having obtained or received or procured that all necessary approvals, authorisations, clearances, consents and waivers are obtained or received, including but not limited to the approval of the shareholders of the Company, the in-principle approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the additional listing of the Consideration Shares and such other approval, clearance or waiver from the SGX-ST under Chapter 10 of the Listing Manual (the "**Listing Manual**") of the SGX-ST, and no such approval, authorisation, clearance or waiver having been revoked, limited or impaired;

(b) the completion of a business, legal, financial, tax and environmental due diligence review on the KA Group Companies, the results of the review being, in the Company's absolute discretion, satisfactory and the satisfactory completion and issuance of the FY2013 Proforma Accounts;

(c) no event, occurrence, change, effect or condition of any character shall have occurred following the execution of the Term Sheet and on or prior to the Closing that, individually or in the aggregate, has had a material adverse effect on the financial condition, business, operations, properties, assets, liabilities, and/or results of operations of the KA Group;

(d) the properties of the KA Group at 43 Tuas View Close, 71 Tuas View Place #05-01 and 71 Tuas View Place #05-20 not having been disposed of or agreed to be disposed of as at Closing;

(e) each of the Vendors having entered into service contracts with the KA Group HoldCo and/or any of the KA Group Companies (as shall be required by the Company) on terms and conditions acceptable to the Company (the "**Vendor Service Contracts**"); and

(f) the entry by the Parties into a valid binding and enforceable SPA.

4.4 Company Undertakings

The Company irrevocably and unconditionally undertakes:

(a) not to, during the period commencing from the date of the Term Sheet up till the date of Closing (the "**Closing Date**") (both dates inclusive), without the prior written consent of the Vendors or save for the issue of the Consideration Shares, undertake any capital reduction, bonus issue, stock split or do such other acts in relation to its share capital or reserve or allot and issue any shares or other securities or grant any options over shares or securities or issue any warrants, convertible preference shares or other forms of convertible securities (howsoever called) which are convertible into shares in the capital of the Company or enter into any agreement or undertaking to do the same or do, or agree or permit to, or cause to be done, such acts which will vary the rights attaching to any of such shares; and

(b) to procure undertakings from shareholders holding in aggregate more than 50% of the issued and paid up share capital of the Company to vote in favour of the resolution approving the Proposed Acquisition.

4.5 Put and Call Options

The Vendors jointly grant to the Company the right to require the Vendors to sell to the Company or a nominee of the Company (the "**Call Option**"), and the Company grants to the Vendors the right to require the Company to purchase ("**Put Option**"), all (and not some only) of the shares constituting the balance 30% of the total issued share capital of each of the KA Group Companies and the KA Group HoldCo following the Restructuring (collectively, the "**Option Shares**" and each, an "**Option Share**"), on and subject to, *inter alia*, the following terms and conditions:

(a) The Call Option and the Put Option (collectively, the "**Put and Call Options**") may be exercised:

(i) in the period commencing on and from the date falling immediately after the expiry of four years from the Closing Date, in respect of one-third of the Option Shares ("**First Tranche Option Shares**");

(ii) in the period commencing on and from the date falling immediately after the expiry of five years from the Closing Date, in respect of another one-third of the Option Shares and any remaining First Tranche Option Shares;

(iii) in the period commencing on and from the date falling immediately after the expiry of six years from the Closing Date, in respect of all remaining Option Shares;

(iv) at any time if a Deadlock Event (as defined in section 4.10 below) occurs and is not resolved within 30 business days thereafter, in respect of all such Options Shares held as at the time of such exercise of the Put or Call Options;

(v) in the event the drag-along right (as described in section 4.11 below) is exercised, within five business days from the notice of such exercise, in respect of all such Option Shares held as at the time of such exercise of the Put or Call Option;

(vi) in the event the Company sells ordinary shares held by it in the KA Group HoldCo or the relevant KA Group Company, and such sale results in the Company ceasing to hold more than 50% of the KA Group HoldCo or the relevant KA Group Company, within five business days from the completion of such sale, in respect of all such Option Shares held as at the time of such exercise of the Put or Call Option; and

(vii) at any time if a Termination Event (as defined in section 4.12) occurs, in respect of all such Option Shares held as at the time of such exercise of the Put or Call Option, provided that this right to terminate is only exercisable by the non-defaulting party.

(b) The exercise price of the Put and Call Options in respect of each Option Share shall be the amount determined based on the Entry Price and adjusted by the RNTA.

In the event the RNTA is positive, the exercise price shall be based on the Entry Price and increased by the numerical value of the RNTA.

In the event the RNTA is negative, the exercise price shall be based on the Entry Price and decreased by the numerical value of the RNTA.

where:

"**Entry Price**" shall mean the consideration paid on each Sale Share (i.e., the Consideration divided by the total number of Sale Shares).

"**RNTA**" shall mean the net tangible asset value of each ordinary share of the KA Group HoldCo or the relevant KA Group Company determined based on the latest available monthly financial statements of the KA Group HoldCo (on a consolidated group basis) or the relevant KA Group Company, as the case may be, immediately prior to the exercise of the Put and Call Options (the "**Latest NTA**") less the net tangible asset value of each such ordinary share as at 31 December 2013 (based on the FY2013 Proforma Accounts). In determining the Latest NTA and the net tangible asset value of each ordinary share as at 31 December 2013, any revaluation surplus or deficit in respect of any land, building or other property shall be included.

For purposes of determining the RNTA, any revaluation of any land, building or other property shall be average of the values determined by a Valuer jointly engaged by the Vendors and the Company, and the Vendors and Company both agree and acknowledge that any such value of the land, building or other property as determined in accordance with the foregoing shall be absolute and final. The cost of the valuation shall be borne in equal share between the Vendors and the Company.

"**Valuers**" shall mean any of (a) Savills Singapore; (b) Knight Frank Singapore; (c) DTZ Singapore; (d) Colliers Singapore; or (e) any reputable and internationally recognised valuer jointly agreed upon by the Vendors and the Company.

(c) The Put and Call Options shall be exercised in tranches of 10% and not in any smaller denomination and the exercise price shall be paid wholly in cash. For the avoidance of doubt, any tranche which is not exercised during the relevant exercise period shall be available for exercise during the subsequent exercise period(s).

(d) Notwithstanding the foregoing provisions, the Put Option shall become immediately exercisable in the event of a termination of the employment of either of the Vendors without cause.

4.6 Vendor Service Contracts

The Vendor Service Contracts to be entered into by the Vendors shall be for a term of five years commencing from the Closing Date and on terms and conditions to be agreed between the Parties, which terms shall include a performance-based incentive.

4.7 Reserved Matters

Under the Term Sheet, certain corporate exercises of the KA Group shall require the affirmative vote of either of the Vendors on the one hand, and the affirmative vote of the Company on the other, including, *inter alia*, alterations to its share capital, certain acquisitions, disposals (including the disposal of KABC, KAFS, KAFP and FIS) and transactions (including related party transactions), and the declaration or payment of any dividends or the making of any distribution (save for any declaration or payment of any dividend or making of any distribution of up to 30% of the audited net profit after tax in respect of any financial year commencing from and including the financial year ending 31 December 2014).

4.8 Board

For as long as either Vendor is a shareholder of such KA Group Company or the KA Group HoldCo, each Vendor shall be entitled to appoint up to one director to the board of directors of such KA Group Company and/or the KA Group HoldCo (as the case may be). The Company shall likewise be entitled to appoint up to four directors to the board of directors of such KA Group Company and/or the KA Group HoldCo.

4.9 Walkaway Events

In the event that any of the below occurs ("**Walkaway Event**"), each of the Vendors and the Company shall be entitled to terminate the Term Sheet:

(a) the failure to enter into the SPA within six weeks following the execution of the Term Sheet; or

(b) the 2013 PAT being less than S$3,200,000 and that such figure would be higher than S$3,200,000 but for such adjustments deemed necessary by the reporting accountants appointed at the sole discretion of the Company.

In the event of a Walkaway Event and the election by a Party to terminate the Term Sheet, the Term Sheet shall cease and determine and neither Party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by the Company against the Vendors arising from an antecedent breach of the terms hereof.

4.10 Deadlock Events

A "**Deadlock Event**" is deemed to have occurred if:

(a) a proposed sale of any of KABC, KAFS, KAFP or FIS has been blocked by Vendors;

(b) shareholders of such KA Group Company or the KA Group HoldCo (as the case may be), failing at a duly convened meeting of shareholders, to agree on any matter which is a reserved matter and no resolution on the impasse is achieved within 90 days from the date of such meeting; or

(c) the directors of such KA Group Company or the KA Group HoldCo (as the case may be), failing at a duly convened meeting of directors, to agree on any matter which is a

reserved matter and no resolution on the impasse is achieved within 90 days from the date of such meeting.

For the avoidance of doubt, each of the Vendors and the Company undertakes to enter into mediation and negotiations in good faith as soon as practicable following the occurrence of a Deadlock Event to resolve any such impasse.

4.11 Drag-Along and Tag-Along Rights

The Company is granted the customary drag-along right, at any time that it proposes to sell all (and not some only) of the ordinary shares held by it in the KA Group HoldCo or the relevant KA Group Company, as the case may be, to require the Vendors to sell all (and not some only) of the ordinary shares held by them (directly or through their respective nominees) along with the Company' s sale of the ordinary shares to such third party purchaser on and subject to terms and conditions no less favourable than what were offered to the Company. The drag-along right may only be exercised for as long as the Company is a majority shareholder of the KA Group HoldCo or the relevant KA Group Company, as the case may be.

The Vendors are granted the customary tag-along right, at any time that the Company proposes to sell all (and not some only) of the ordinary shares held by it in the KA Group HoldCo or the relevant KA Group Company, as the case may be, to require the Company to sell all (and not some only) of the ordinary shares held by the Vendors (directly or through their respective nominees) along with the Company's sale of the ordinary shares to such third party purchaser on and subject to terms and conditions no less favourable than what were offered to the Company. The tag-along right may only be exercised for as long as the Company is a majority shareholder of the KA Group HoldCo or the relevant KA Group Company, as the case may be.

4.12 Termination Events

A party to the SPA, i.e. the non-defaulting party, shall be entitled to exercise the Call Option or the Put Option, as the case may be, in accordance with section 4.5 above if any of the following events (each, a "**Termination Event**") occurs:

(a) if the other party (the "**Defaulting Party**") shall commit any breach of any of its material obligations under the SPA and shall fail to remedy such breach (if capable of remedy) within 60 days after being given notice by any other shareholder to do so;

(b) if the Defaulting Party shall go into bankruptcy or liquidation whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation with the consent of the other shareholder(s), such consent not to be unreasonably withheld) or if a petition shall be presented or an order made for the appointment of an administrator in relation to the Defaulting Party or if an official assignee, receiver, administrative receiver, judicial manager or manager shall be appointed over any part of the assets or undertaking of the Defaulting Party and such appointment is not revoked within 30 days from the date of such appointment or if any event analogous to any of the foregoing shall occur in any jurisdiction; and

(c) if the Defaulting Party shall make a general assignment or any composition or arrangement with or for the benefit of its creditors.

In the event that the Put Option or the Call Option is so exercised and completed, the SPA shall automatically terminate upon such completion.

5. SHAREHOLDERS' APPROVAL FOR THE PROPOSED ACQUISITION

5.1 Requirements of the Listing Manual

Under Rule 1006 of the Listing Manual, a transaction (as defined in the Listing Manual) may be categorised as (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions or (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the bases set out thereunder.

Rule 1014(1) of the Listing Manual states that where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the transaction is classified as a major transaction.

Rule 1015(1) of the Listing Manual states that where an acquisition of assets (whether or not the acquisition is deemed in the issuer's ordinary course of business) is one where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual is 100% or more, or is one which will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition or reverse takeover. However, Rule 1015(7) of the Listing Manual states that Rule 1015 of the Listing Manual does not apply in the case of an acquisition of profitable asset(s) if the only limit breached is Rule 1006(b) of the Listing Manual.

5.2 Relative Bases pursuant to Rule 1006 of the Listing Manual

For the purposes of determining the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual, the Proposed Acquisition and the exercise of the Put and Call Options are aggregated and treated as if they were one transaction. Assuming that the Put and Call Options are fully exercised, and on the aforesaid basis that the acquisition of the Sale Shares is aggregated with the acquisition of all the Options Shares, the relative figures for the Proposed Acquisition and the exercise of the Put and Call Options computed on the bases set out in Rule 1006 of the Listing Manual based on the audited consolidated accounts of the Company for FY2013 are as follows:

Rule	Basis	Relative Bases (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable, as the Proposed Acquisition and the exercise of the Put and Call Options involve an acquisition of assets.
1006(b)	The net profits[(1)] attributable to the assets acquired or disposed of, compared with the Group's net profits.	344.0%
1006(c)	The aggregate value of the consideration[(2)] given or received, compared with Company's market capitalisation[(3)] based on the total number of issued shares, excluding treasure shares.	52.6%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	5.1%

Notes:

(1) Net profit is defined as profit or loss before taxation, minority interests and extraordinary items. The unaudited pro forma net profit attributable to the Sale Shares and the Option Shares for FY2013 is S$3.9 million.

(2) Based on the maximum consideration of S$23.8 million for a 100% interest in the KA Group.

(3) The market capitalisation of the Company is calculated on the basis of 98,725,879 shares of the Company in issue as at the date of this announcement and the 1-day weighted average price of S$0.4575 for each such share on 7 May 2014, being the last market day on which such shares were traded immediately preceding the date of the Term Sheet.

As the Proposed Acquisition involves the acquisition of profitable assets, and the only relative figure computed on the bases set out in Rule 1006 of the Listing Manual which exceeds 100% is that calculated under Rule 1006(b) of the Listing Manual, Rule 1015 of the Listing Manual would not apply to the Proposed Acquisition and the exercise of the Put and Call Options.

Nevertheless, as one or more of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the Proposed Acquisition and the exercise of the Put and Call Options (if indeed exercised) would be considered a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of the shareholders of the Company at a general meeting.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION AND THE EXERCISE OF THE PUT AND CALL OPTIONS

6.1 Basis

The pro forma financial effects of the Proposed Acquisition and the exercise of the Put and Call Options (if indeed exercised) as set out in sections 6.2, 6.3 and 6.4 below is based on the audited financial statements of the Group for FY2013, the pro forma unaudited financial statements of the KA Group for FY2013, and based on the following key assumptions:

(a) the Proposed Acquisition and the exercise of the Put and Call Options had been completed on 1 January 2013 for the purpose of computing the financial effects on the consolidated earnings per share ("**EPS**") of the Company;

(b) the Proposed Acquisition and the exercise of the Put and Call Options had been completed on 31 December 2013 for the purpose of computing the financial effects on the consolidated NTA and net asset value ("**NAV**") of the Company;

(c) the assets and liabilities of the KA Group are based on their respective book values and no fair valuation exercise has been undertaken in respect of such assets and liabilities;

(d) the fair value of the Put and Call Options is valued at nil;

(e) the exercise price of the Put and Call Options is the Entry Price;

(f) the consideration for the Proposed Acquisition and the exercise of the Put and Call Options is satisfied by the issue of the Consideration Shares at an issue price of S$0.63 per Consideration Share and the balance in cash; and

(g) transaction costs of S$450,000.

The pro forma financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Company after completion of the Proposed Acquisition and the exercise of the Put and Call Options (if indeed exercised).

6.2 EPS

	FY2013	After the Proposed Acquisition	After the Proposed Acquisition and Exercise of Options
Profit attributable to owners of the Company (S$'000)	1,143	2,996	3,983
Weighted average no. of shares	98,725,879	103,725,879	103,725,879
EPS (cents)	1.16	2.89	3.84

6.3 NTA per share

	As at 31 December 2013	After the Proposed Acquisition	After the Proposed Acquisition and Exercise of Options
NTA (S$'000)	62,033	55,101	50,973
No. of issued shares	98,725,879	103,725,879	103,725,879
NTA per share (S$)	0.63	0.53	0.49

6.4 NAV per share

	As at 31 December 2013	After the Proposed Acquisition	After the Proposed Acquisition and Exercise of Options
NAV (S$'000)	62,033	64,733	64,733
No. of issued shares	98,725,879	103,725,879	103,725,879
NAV per share (S$)	0.63	0.62	0.62

7. MISCELLANEOUS

7.1 Interests of Directors and Substantial Shareholders

Other than through their respective shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interests, direct or indirect, in the Proposed Acquisition.

7.2 Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7.3 Documents for Inspection

Copies of the Term Sheet will be available for inspection during normal business hours at the registered address 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.

7.4 Further Announcements

Further announcements on this matter will be made in due course in the event that the SPA is signed, and as and when appropriate.

Shareholders should note that the Proposed Acquisition is subject to a number of conditions (including the execution of the SPA), and there is no assurance that all such conditions will be fulfilled or complied with, or that the Proposed Acquisition will proceed. Shareholders or potential shareholders are asked to note this position and keep it in mind in respect of any trading of the Company's shares. Shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interest, and to exercise caution when dealing in the shares of the Company.

By Order of the Board
INTRACO LIMITED

Foo Der Rong
Managing Director and Chief Executive Officer
8 May 2014