INTRACO Limited
(Incorporated in the Republic of Singapore)
Company Registration Number 196800526Z

INTRACO to acquire 70% of homegrown fire protection specialist KA Group for S$16.6 million

- ***Proposed acquisition will provide INTRACO with an immediate entry point into the niche specialised building-related products industry and a good platform to further expand into other related activities and products***
- ***KA Group, a manufacturer and applicator of fire protection products, is a leading player in Singapore's construction industry***
- ***KA Group's attractive margin business and strong growth prospects will be accretive to INTRACO's earnings***

SINGAPORE – 8 May 2014 – SGX Mainboard-listed **INTRACO Limited** ("**INTRACO**" or the "**Company**"), a leading trading company established in 1968, today announced that it has entered into a term sheet to acquire 70.0% of the total issued share capital of fire protection specialist **KA Group** for an indicative consideration of S$16.6 million.

KA Group comprises five companies: K.A. Building Construction Pte Ltd; Firespray International (Singapore) Pte Ltd; K.A. Fireproofing Pte Ltd; K.A. Fabric Shutters Pte Ltd; and K.A. Firespray Sdn Bhd.

INTRACO will pay the first S$3.15 million of the consideration by issuing 5,000,000 new ordinary shares at S$0.63 each (being the audited net asset value per INTRACO share as at 31 December 2013), representing approximately 4.8% of the Company's enlarged share capital. The balance of the consideration will be funded by the Company's internal cash reserves. INTRACO will have the option to purchase, and the vendors will have the option to sell, the remaining 30.0% of KA Group in three tranches after four, five and six years from the closing date of the transaction at an exercise price determined based on a pre-agreed formula.

Founded in 1987, KA Group is a leading one-stop provider of fire protection products and one of the few players in Singapore's construction industry that is both a manufacturer and applicator of such solutions.

KA Group's double digit profit margins and strong business growth in the last three years, coupled with strong growth prospects makes it an attractive target for the Company. The steady growth of Singapore and the regional economies has resulted in sustained activities in urbanisation and infrastructure development projects, particularly in building and construction activities in the region. Embarking on niche specialised building-related products via the proposed acquisition will enable INTRACO to expand its revenue base and improve on its profitability.

INTRACO Managing Director & CEO, Mr Foo Der Rong, said: "KA Group provides the Company an immediate entry point into the industry and serves as a good platform to further expand into other niche building related activities and products. This transaction presents a win-win situation for both parties as we can leverage on each other's expertise and strengths. KA Group possesses the technical know-how and industry knowledge while INTRACO has a strong regional network of contacts and connections as well as the resources to transform a homegrown company into an internationally recognised Singapore brand name in fire protection products and solutions."

In keeping with its obligations as a listed company, INTRACO will be introducing its corporate governance and business best practices to the corporate management process of KA Group. It is also expected that the management team of KA Group will be enhanced to support the growth plans of KA Group.

Since 2013, INTRACO has been rationalising and consolidating its operations to position itself for new opportunities while actively exploring potential investments that will enhance its growth and reinforce the long term sustainability of its business.

In a separate announcement on 27 February this year, the Company announced the incorporation of Tat Hong Intraco Heavy Equipment Co Ltd ("**Tat Hong Intraco Myanmar**") through a joint venture company it established together with SGX-listed crane company Tat Hong Holdings Ltd and prominent Myanmar businessman, Mr Aung Moe Kyaw. Tat Hong Intraco Myanmar is expected to commence the business of rental of cranes and other related business activities in Myanmar in May 2014.

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This Press Release should be read in conjunction with the full text of the announcement released by the Company on 8 May 2014 in connection with the proposed acquisition.

About INTRACO Limited—www.intraco.com

Incorporated on 5 November 1968, INTRACO's original mission was to source for competitively priced raw materials, commodities and manufactured goods to support Singapore's early industrialisation programme, which included the creation of new export markets for locally manufactured products, and the promotion of external trade.

INTRACO was successfully listed on the Singapore Exchange in December 1972. Over the years, the Group has evolved to meet the demands of the global marketplace by tranforming into a leading trading company through global partnerships focusing on two main sectors, namely trading & others, and projects.

Today, INTRACO's integrated global market network spans across ASEAN and China. While each serves as a strong platform for INTRACO's business, they also act as the Group's launch pads for companies seeking regional expansion. This is further bolstered by INTRACO's established international network of partnerships and alliances.

About KA Group - http://ka.com.sg

Established in 1987, KA Group strives to be a leader in the development, innovation and manufacture of high quality and services in fire-proofing. To achieve total customer satisfaction, the company continually explores new technologies and systems and also experiments with a multitude of products and materials to provide high levels of quality fire proofing for the construction industries.

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