

INTRACO LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 196800526Z)

PROPOSED DISPOSAL OF THE GROUP'S PASSIVE FIRE PROTECTION BUSINESS AND PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Intraco Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today entered into a conditional share sale and purchase agreement (“**SPA**”) with (1) TH Investments Pte Ltd, (2) Macondray Holdings Pte. Ltd. and (3) Soh Ying Sin (collectively, the “**Buyers**” and each a “**Buyer**”), pursuant to which the Company has agreed to sell all its shares in its wholly-owned subsidiary K.A. Group Holdings Pte Ltd (“**KAGHPL**”) (the “**Sale Shares**”) for a total consideration of S\$6.9 million, on the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”).
- 1.2 Upon completion of the Proposed Disposal (the “**Completion**”), KAGHPL shall cease to be a subsidiary of the Company, and the Group will exit from the business of providing one-stop passive fire protection solutions, systems, and installation (the “**Passive Fire Protection Business**”).
- 1.3 The Proposed Disposal constitutes:
- (a) an “interested person transaction” as defined under Chapter 9 of the Mainboard Listing Rules (the “**Listing Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Please refer to paragraph 6 - *The Proposed Disposal as an Interested Person Transaction* for further details on the Proposed Disposal as an interested person transaction; and
 - (b) a “major transaction” under Chapter 10 of the Listing Rules. Please refer to paragraph 7 - *Listing Rule 1006 Figures for the Proposed Disposal* for further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Listing Rule 1006.
- 1.4 In conjunction with the Proposed Disposal, the Company also wishes to propose a share capital reduction, which shall result in the Company distributing S\$0.06 per share or an aggregate of approximately S\$6.8 million to all its eligible shareholders (“**Proposed Capital Reduction**”).
- 1.5 The Proposed Disposal is subject to the approval of the shareholders of the Company (the “**Shareholders**”) who are deemed independent under the Listing Rules in respect of the Proposed Disposal (the “**Independent Shareholders**”). The Proposed Capital Reduction is subject to Shareholders’ approval. The Company intends to convene an extraordinary general meeting (an “**EGM**”) to seek the approval of the Independent Shareholders for the Proposed Disposal and approval of the Shareholders for the Proposed Capital Reduction. Shareholders should note that the ordinary resolution for the Proposed Disposal and the special resolution for the Proposed Capital Reduction will be inter-conditional upon one another. This means that if one resolution is not approved, the other resolution will not be passed.
- 1.6 Further information on, *inter alia*, the Proposed Disposal and Proposed Capital Reduction Exercise will be provided in a circular to be issued by the Company (the “**Circular**”) in due course.

2. INFORMATION ON KAGHPL AND THE BUYERS

2.1 KAGHPL

KAGHPL was incorporated in Singapore on 9 February 2015 and has an issued and paid-up share capital of S\$11,023,178.11, presently divided in 10 ordinary shares. KAGHPL intends to undertake a share split of 1 existing ordinary shares into 1,000 new ordinary shares prior to the Completion of the Proposed Disposal, resulting in an issued and paid-up share capital of S\$11,023,178.11 to be divided into 1,000 new ordinary shares in KAGHPL.

KAGHPL is the holding company of K.A. Fireproofing Pte Ltd, K.A. FireLite Pte. Ltd., K.A. Fabric Shutters Pte. Ltd., K.A. Building Construction Pte. Ltd., and K.A. Vermiculite Spray Sdn Bhd (together, the **"K.A. Group"**). The business of K.A. Group is mainly in providing one-stop passive fire protection solutions, systems, and installation in Singapore.

More information on the K.A. Group may be found at: <https://www.ka.com.sg/aboutus.aspx>.

The revenue and net profit/(loss) of K.A. Group for the last 3 financial years ended 31 December are as follows:-

S\$'000	FY2023	FY2022	FY2021
Revenue	6,110	10,316	7,515
Net profit/(loss) before tax	(682)	(68)	(453)

2.2 The Buyers

TH Investments Pte Ltd, which will purchase 27.5% of the Sale Shares, is a controlling shareholder of the Company, holding an indirect interest of 26.14% in the Company, held under nominee accounts.

Macondray Holdings Pte. Ltd., which will purchase 27.5% of the Sale Shares, is deemed a controlling shareholder of the Company, by virtue of its deemed interest in the 25.70% indirect interest held by its associate Amtrek Investment Pte. Ltd, held under nominee account. Our non-independent non-executive Director Mr Charlie Ng How Kiat is also the President and Executive Director of Macondray Holdings Pte. Ltd. and a Director of Amtrek Investment Pte. Ltd..

Ms Soh Ying Sin (**"Ms Soh"**), who will purchase 45.0% of the Sale Shares, currently holds 4.12% direct shareholding interest in the Company. Ms Soh has been with the K.A. Group since 2008 and is currently the Chief Operating Officer and Executive Director of the K.A. Group.

3. CONSIDERATION

3.1 The consideration for the Sale Shares is S\$6.9 million (the **"Purchase Consideration"**), which was arrived at on an arm's length basis, taking into consideration the adjusted consolidated net asset value of the K.A. Group (excluding its properties at (i) 43 Tuas View Close Singapore 637477; (ii) 71 Tuas View Place #05-01 and (iii) 71 Tuas View Place #05-20 Singapore 637434) (the **"Target Business and Assets"**) of S\$6,811,000 as at 31 December 2023.

3.2 At Completion, it is the Company's intention that the Purchase Consideration due from the Buyers to the Company will be offset by the amounts due from the Company to the Buyers following the Proposed Capital Reduction.

- 3.3 The Company and Ms Soh have agreed that Ms Soh may defer S\$2.0 million ("**Deferred Consideration**") of her total share of the Purchase Consideration of approximately S\$3.1 million for a period of up to 2 years after Completion. By way of security for this Deferred Consideration, Ms Soh shall execute a share charge over her 4.12% (4.646 million shares) shareholdings in the Company and her 45.0% shareholdings in KAGHPL post-Completion in favour of the Company. Further Ms Soh shall pay the Company semi-annually an interest on the outstanding Deferred Consideration at the rate of 5.0% per annum.

4. RATIONALE FOR THE PROPOSED DISPOSAL AND PROPOSED CAPITAL REDUCTION

- 4.1 In the recent annual report 2023, the Group has mentioned its intention to shift its business model towards one that is more scalable and aligns with the enduring technological trends in today's world. The Proposed Disposal will enable the Group to focus its resources on its trading, distribution and supply chain solutions businesses in Singapore and the region as well as expanding its digital assets and tokenization advisory services and regulated domestic and cross -border money transfers and money-changing services.
- 4.2 Intraco acquired K.A. Group from its founder Mr Soh Yong Poon in 2014. Since the acquisition, Mr Soh and his daughter Ms Soh has been continuing to drive the business of K.A. Group as Executive Directors and Chief Executive Officer and Chief Operating Officer respectively of the K.A. Group. The Proposed Disposal to Ms Soh and the other 2 Buyers who are also the Company's controlling shareholders shall minimise any disruption to K.A. Group's business and operations after Completion.
- 4.3 The Proposed Capital Reduction will enable the Group to reward its shareholders while continuing to maintain a healthy balance sheet and cash balance to fund its businesses.

5. MATERIAL TERMS OF THE SPA

5.1 Sale and purchase of Shares

Subject to the terms and conditions of the SPA, the sale and purchase of the Sale Shares shall be free from all Encumbrances and with all rights, benefits and entitlements attaching thereto, for the Purchase Consideration.

The Sale Shares will also be sold by the Company to the Buyers on an "as is where is" basis without the benefit of any representations or warranties relating to the business of K.A. Group.

5.2 Conditions Precedent

Completion is conditional upon several conditions (the "**Conditions Precedent**") being satisfied or waived (as the case may be) to enable Completion to take place by 31 January 2025 or such other date as the Parties may agree (the "**Longstop Date**"), including:

- (a) completion of a share split exercise to be conducted by KAGHPL which shall result in the existing 10 ordinary shares being split into 1,000 new ordinary shares;
- (b) completion of the transfer of 71 Tuas View Place #05-01 and 71 Tuas View Place #05-20 Singapore 637434, free from all encumbrances from K.A. Building Construction Pte. Ltd. to the Company at its net book value of approximately S\$1.1 million as at 31 December 2023;

- (c) completion of the transfer of 43 Tuas View Close Singapore 637477, free from all encumbrances from K.A. Building Construction Pte. Ltd. to the Company at its net book value of approximately S\$1.6 million as at 31 December 2023;
 - (d) (subject to completion of the above property transfers) the Company entering into a lease agreement with KAGHPL (or an entity in K.A. Group) for each property, in the form to be agreed and taking into consideration prevailing comparable market rental rates;
 - (e) completion of the Proposed Capital Reduction;
 - (f) the approval of the Singapore Exchange being granted to the Company for the Proposed Disposal and the Proposed Capital Reduction and not withdrawn or revoked and if such consents or approvals are granted subject to any conditions, such conditions being acceptable to the Company and/or the Buyers; and
 - (g) the approval of (i) the Independent Shareholders for the Proposed Disposal and (ii) the Shareholders for the Proposed Capital Reduction at an EGM.
- 5.3 Subject to Completion, the Buyers shall be deemed to hold their Sale Shares with effect from 1 January 2024, and KAGHPL's profits or losses, assets and liabilities from 1 January 2024 to Completion shall be for the account of the Buyers accordingly.
- 5.4 Subject to Completion, the Company agrees:
- (a) to grant to K.A. Group an option exercisable for a period of 2 years from Completion, to purchase any one or more of the properties at 43 Tuas View Close Singapore 637477, 71 Tuas View Place #05-01 and 71 Tuas View Place #05-20 Singapore 637434 at such consideration based on the prevailing market valuation at the point of the exercise of such right; and
 - (b) in the event the Company plans to sell, transfer or disposal its interest in sell any of the above properties to a third-party, to first offer such property to K.A. Group on the same terms as that such third-party gives the Company.
- 5.5 The Company has also given the customary non-compete and non-solicitation customary undertakings to each Buyer for a period of 2 years from Completion.

6. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

6.1 Interested person transaction

TH Investments Pte Ltd is a controlling shareholder of the Company, and Macondray Holdings Pte. Ltd, owns 100% interest in Amtrek Investment Pte. Ltd., a controlling shareholder of the Company. Hence, they are each an interested person as defined in Chapter 9 of the Listing Rules. Pursuant to Listing Rule 906, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or more than 5.0% of the Group's latest net tangible asset ("NTA") value.

6.2 Value of the interested person transaction

Rule 909 of the Listing Rules provides that the value of a transaction is the amount at risk to the issuer. Rule 909(4) provides that in the case that the market value or book value of the asset to be disposed of is higher than the consideration from an interested person, the value of the transaction is the higher of the market value or book value of the asset.

Having considered Rule 909 of the Listing Rules, which considers the value of the transaction to be the amount at risk to the Group, the Company has considered the value of the interested person transaction to be the following:

The aggregate share of TH Investments Pte Ltd and Macondray Holdings Pte. Ltd. in the Aggregate Consideration amounts to S\$3.795 million, which amounts to 6.14% (ie more than 5%) of the Group's latest audited NTA of S\$61.761 million as at 31 December 2023.

6.3 **Statement from the audit committee and directors deem independent from the Proposed Disposal**

The Audit Committee of the Company and the directors deem independent will obtain independent advice from an independent financial adviser ("IFA") to be appointed by the Company for the Proposed Disposal before making any recommendations to the Independent Shareholders. The IFA's advice will be included into the Circular.

6.4 **Abstention from voting**

Pursuant to Listing Rule 919, TH Investments Pte Ltd, Amtrek Investment Pte Ltd and their respective associates shall abstain from exercising their voting rights in respect of all existing issued shares owned by them and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal. Further Ms Soh or her associates shall also abstain from exercising their voting rights in respect of all existing issued shares owned by her and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal.

7. **LISTING RULE 1006 FIGURES FOR THE PROPOSED DISPOSAL**

7.1 Based on the latest announced consolidated financial results of the Group (being the Group's audited financial results for the financial year ended 31 December 2023), the relative figures computed on the bases set out under Rule 1006 of the Listing Rules in relation to the Proposed Disposal are as follows:

Rule 1006 Listing Rules	Bases	Relative figures (%) for the Proposed Disposal
(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.	11.02% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable as the Target Business and Assets of K.A. Group was not profitable
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation.	24.46% ⁽²⁾
(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.	Not applicable as there is no issuance of equity securities by the Company.

Rule 1006 Listing Rules	Bases	Relative figures (%) for the Proposed Disposal
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable as the Company is not a mineral, oil or gas company

Notes:

- (1) Computed based on the adjusted audited net asset value of the Target Business and Assets of approximately S\$6.8 million and the Group's audited net asset value of approximately S\$61.7 million as at 31 December 2023.
- (2) Computed based on the Purchase Consideration S\$6,900,000 and the Company's market capitalisation of approximately S\$28.2 million on 9 May 2024, being the last full market day preceding the date of the SPA on which shares were last traded on the SGX-ST.

7.2 Approval for Proposed Disposal

As the relative figures of Listing Rule 1006 exceeds 20%, the Proposed Disposal is a major transaction requiring Shareholders' approval under Chapter 10 of the Listing Rules.

7.3 Excess over Book Value and Use of Proceeds

The Proposed Disposal will result in an excess of proceeds of approximately S\$80,000 over the net book value of the Target Business and Assets.

The Company intends to apply the net proceeds from the Proposed Disposal (excluding the Deferred Consideration) to the Proposed Capital Reduction.

8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL AND PROPOSED CAPITAL REDUCTION

8.1 The *pro forma* financial effects of the Proposed Disposal and Proposed Capital Reduction on the Company's share capital and the Group's NTA per share and earnings per share (the "EPS") as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the Proposed Disposal and Proposed Capital Reduction Exercise.

8.2 The *pro forma* financial effects have been prepared based on the audited financial statements of the Group ended 31 December 2023, on the following bases and assumptions:

- (a) the Proposed Disposal and Proposed Capital Reduction had been completed on 31 December 2023 for the purpose of illustrating the financial effects on the NTA;
- (b) the Proposed Disposal and Proposed Capital Reduction had been completed on 1 January 2023 for the purpose of illustrating the financial effects on the EPS;
- (c) the issued and paid-up share capital of the Company comprising 112,483,479 shares; and
- (d) assuming estimated transactions costs of S\$150,000 and stamp duty of S\$105,000.

8.3 NTA per share

Assuming that the Proposed Disposal and Proposed Capital Reduction Exercise was completed on 31 December 2023, the *pro forma* financial effects on the Group's NTA per share would be as follows:

	Before the Proposed Disposal and Proposed Capital Reduction	After the Proposed Disposal and Proposed Capital Reduction
NTA of the Company (S\$ '000)	61,474	55,001
Number of issued ordinary shares in the capital of the Company	112,483,479	112,483,479
NTA per share (S\$ cents)	0.55	0.49

8.4 EPS

Assuming that the Proposed Disposal was completed on 1 January 2023, the *pro forma* financial effects on the Group's EPS would be as follows:

	Before the Proposed Disposal and Proposed Capital Reduction	After the Proposed Disposal and Proposed Capital Reduction
Profit attributable to Shareholders (S\$ '000)	3,180	3,476
Weighted average number of ordinary shares, excluding treasury shares	112,483,479	112,483,479
EPS (S\$ cents)	2.83	3.09

9. EGM TO BE CONVENED

- 9.1 The Company will convene an EGM in due course to seek the approval from its Shareholders for the Proposed Disposal and Proposed Capital Reduction.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposed Disposal and Proposed Capital Reduction, other than in their capacity as Director or Shareholder.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal and accordingly, no service contracts in relation thereto will be entered into by the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection by Shareholders at the registered office of the Company at 60 Albert Street, #07-01 OG Albert Complex, Singapore 189969 during normal office hours for three (3) months from the date of this announcement.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Proposed Capital Reduction and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

14. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Disposal and Proposed Capital Reduction.

15. CAUTION IN TRADING

The Company will make the necessary announcements, in compliance with the requirements of the Listing Rules, as and when there are material developments in respect of the Proposed Disposal and Proposed Capital Reduction.

Shareholders and securityholders should note that the completion of the Proposed Disposal is subject to, amongst others, the fulfilment of the Conditions Precedent under the SPA. There is no certainty or assurance that the Conditions Precedents can be fulfilled or that the Proposed Disposal and Proposed Capital Reduction will be undertaken at all or that no further changes will be made to the terms thereof. There is also no certainty or assurance that the Proposed Disposal and Proposed Capital Reduction will be undertaken and completed or that no further changes will be made to the terms thereof.

Shareholders and securityholders are advised to read this announcement and any further announcements by the Company carefully and exercise caution when trading or dealing in their shares of the Company.

Shareholders and securityholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take or when dealing with their shares or securities of the Company.

By Order of the Board

Josephine Toh
Company Secretary

9 May 2024