

**APPENDIX DATED 7 APRIL 2008**

This Appendix is circulated to the Shareholders of Intraco Limited (the “Company”) together with the Company’s Annual Report.

Its purpose is to explain to Shareholders the rationale and provide information for the proposed renewal of the Mandate For Interested Person Transactions to be tabled at the Annual General Meeting of the Company to be held on 23 April 2008 at 10.00 a.m. at The Function Room, 348 Jalan Boon Lay, Singapore 619529.

If you are in doubt as to the action you should take, please consult your professional independent advisers immediately.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.



**INTRACO Limited**

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

**APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE  
SHAREHOLDERS’ MANDATE  
FOR INTERESTED PERSON TRANSACTIONS**



## DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"AGM"	The Annual General Meeting of the Company, notice of which is enclosed with the Annual Report (or any adjournment thereof)
"Annual Report"	Annual Report of the Company
"Articles"	The articles of association of the Company
"CDP"	The Central Depository (Pte) Limited
"Company"	Intraco Limited
"Companies Act"	The Companies Act, Chapter 50 of Singapore
"Director"	A director of the Company for the time being
"FY"	Financial year ended or ending 31 December
"Latest Practicable Date"	The latest practicable date prior to the printing of this Appendix being 28 March 2008
"Listing Manual"	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
"Memorandum"	The memorandum of association of the Company
"NTA"	Net tangible assets
"Proxy Form"	The proxy form in respect of the AGM as enclosed together with the Annual Report
"PSC"	PSC Corporation Ltd
"Securities Accounts"	Securities accounts maintained by Depositors with CDP, but not including securities accounts maintained with a Depository Agent
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shareholders"	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	Ordinary shares in the capital of the Company
"S\$" and "cents"	Singapore dollars and cents, respectively
"%" or "per cent."	Percentage or per centum

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being

amended or re-enacted. Any word used in this Appendix and defined under the Companies Act or any statutory modification thereof and, not otherwise defined in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference in this Appendix to a time of day shall be a reference to Singapore time, unless otherwise stated.

## **1 INTRODUCTION**

- 1.1 The purpose of this Appendix is to provide Shareholders with relevant information pertaining to, and to seek Shareholders' approval at the AGM for the renewal of the general mandate that will enable the Company, its subsidiaries and associated companies to enter into transactions with interested persons in compliance with Chapter 9 of the Listing Manual.

## **2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

### **2.1 The Shareholders' Mandate**

The Company had on 22 April 2004 obtained a general mandate (the "Mandate") from Shareholders pursuant to Chapter 9 of the Listing Manual whereby authority was given to the Company, its subsidiaries and associated companies which are considered "entities at risk" within the meaning of Rule 904(2) of the Listing Manual, in their ordinary course of businesses, to enter into categories of transactions with specified classes of the Company's interested persons. The Mandate was most recently renewed on 20 April 2007 and was expressed to take effect until the next annual general meeting of the Company. The Mandate will expire on 23 April 2008, being the date of the forthcoming annual general meeting of the Company. Pursuant to Chapter 9 of the Listing Manual, Shareholders' approval is sought for the proposed renewal of the Mandate.

### **2.2 The Proposed Renewal of the Mandate**

The Mandate enables the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Rule 904(2) of the Listing Manual, in their ordinary course of businesses, to enter into categories of transactions with specified classes of the Company's interested persons, provided that such transactions are entered into on an arm's length basis and on normal commercial terms.

Details of the Mandate, including the rationale for, and the benefits to the Company, the review procedures for Interested Person Transactions and other general information relating to Chapter 9 of the Listing Manual are set out below.

### **2.3 The Mandate**

#### Chapter 9 of the Listing Manual

- 2.3.1 Chapter 9 of the Listing Manual governs transactions by a company listed on the SGX-ST, as well as transactions by the listed company's subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.
- 2.3.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded. Specifically, an immediate announcement is required for the following transactions of certain materiality thresholds where:-
- (a) the value of a transaction is equal to or exceeds 3 per cent. of the group's latest audited consolidated NTA; or

- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 3 per cent. of the Group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year;

and shareholders approval (in addition to an immediate announcement) is required where:-

- (c) the value of a transaction is equal to or exceeds 5 per cent. of the Group's latest audited consolidated NTA; or
- (d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5 per cent. of the Group's latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, interested person transactions below S\$100,000.00 each are to be excluded.

2.3.3 Based on the latest audited consolidated accounts of the Company and its subsidiaries (the "Intraco Group") for FY2007, the consolidated NTA of the Intraco Group was S\$74,436,000.00. In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time that the consolidated audited accounts of the Intraco Group for FY2008 are published, 5 per cent. of the latest audited consolidated NTA of the Intraco Group would be S\$3,722,000.00.

2.3.4 Chapter 9 of the Listing Manual permits a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

2.3.5 Under the Listing Manual:-

- (a) an "**associated company**" means a company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or the group;
- (b) a "**controlling shareholder**" means a person who:-
  - (i) holds directly or indirectly 15 per cent. or more of the nominal amount of all voting shares in the company; or
  - (ii) in fact exercises control over a company;
- (c) an "**entity at risk**" ("**EAR**") means:-
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (d) an "**interested person**" means a director, chief executive officer or controlling

shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

- (e) an “**associate**”:
  - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
    - (aa) his immediate family (ie his spouse, child, adopted child, step-child, sibling and parent);
    - (bb) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and
    - (cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30 per cent. or more.
  - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30 per cent. or more;
- (f) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;
- (g) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (h) “**group**” means the issuer and its subsidiaries, if any.

## 2.4 Scope and Rationale for the Mandate

2.4.1 The Company, its subsidiaries and associated companies are a diversified group engaged in a wide range of activities spanning the trading and supply of commodities, food products, electronic and electrical components, and the provision of engineering services. It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company’s interested persons are likely to occur from time to time and at any time for business services and supplies. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company’s interested persons or the obtaining of goods and services from them.

2.4.2 The renewal of the Mandate will facilitate business efficacy in the normal course of the business operations of the Intraco Group and enable:

- (a) the Company;
- (b) subsidiaries of the Company (other than a subsidiary that is listed on the SGX-ST or an approved exchange); and
- (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Intraco Group, or the Intraco Group and interested person(s) of the Company has or have control,

(together, the “EAR Group”) or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“Interested Person Transactions”) set out in paragraph 2.6 below with the specified classes of the Company’s interested persons

(the "Interested Persons") set out in paragraph 2.5 below, provided such Interested Person Transactions are made on normal commercial terms and not prejudicial to the interests of the Company and/or its minority shareholders.

## **2.5 Classes of Interested Persons**

The Mandate will apply to the following classes of Interested Persons:

2.5.1 PSC and its associates; and

2.5.2 Directors, chief executive officer(s) and controlling shareholders of the Company (other than the controlling shareholders described in sub-paragraph 2.5.1 above) and their respective associates.

## **2.6 Categories of Interested Person Transactions**

2.6.1 The Interested Person Transactions with the Interested Persons (as described in paragraph 2.4.2 above) which will be covered by the Mandate and the benefits to be derived therefrom are set out below and in paragraph 2.7 respectively:

- (a) the marketing of, and trading in, raw materials and commodities including but not limited to steel, metals, paper, petrochemicals and plastics and their by-products;
- (b) the trading, marketing, distribution of and the coordination of distribution services for:
  - (i) electrical and electronic components, light fittings, environmental solutions, marine and engineering equipment, building materials and other industrial equipment and machinery;
  - (ii) food products;
  - (iii) products for the semiconductor industry;
  - (iv) provisions and household consumer products; and
  - (v) furniture products, system furniture and office furniture;
- (c) the provision of project management services and engineering and engineering-related services, including but not limited to design services, consultancy services and procurement services;
- (d) the provision of interior design and renovation services and all types of interior and architectural finishes;
- (e) the trading, marketing, distribution and the coordination of distribution services and the provision and operation of telecommunications and data communications systems and services, security systems, internet services, software development services and multimedia services;
- (f) the marketing and provision of:
  - (i) business matching services;
  - (ii) corporate back-office services; and
  - (iii) supply-chain coordination services; and
- (g) the leasing and rental of properties.

- 2.6.2 The Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below S\$100,000.00 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.
- 2.6.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

## 2.7 Benefits to Shareholders

The renewal of the Mandate will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into, such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining other corporate objectives.

## 2.8 Review Procedures for the Interested Person Transactions

2.8.1 The Company has in place an internal control system to ensure that Interested Person Transactions are made on commercial terms, supported by quotations from unrelated third party suppliers or service providers where appropriate, and consistent with the Intraco Group's prevailing policies and practices. To ensure that Interested Person Transactions carried out pursuant to the Mandate are undertaken on commercial terms, in the EAR Group's interest and on terms no more or less favourable than those extended to or by unrelated third parties, the following procedures will be implemented:

- (a) All Interested Person Transactions will be reviewed quarterly by the Company's Internal Audit Division together with the Chief Executive Officer of the Company to ensure that prior approval for Interested Person Transactions is only given in circumstances where:
- (i) such transactions are in accordance with industry norms and the EAR Group's usual business practices and policies, and are at such prevailing rates as at the time of the relevant transaction;
  - (ii) in respect of transactions for the purchase of products and/or services by the EAR Group from Interested Persons, the terms offered are comparable with those offered and no less favourable than those extended by unrelated third parties for the same or substantially similar products and/or services;
  - (iii) in respect of transactions for the supply of products and/or services by the EAR Group to Interested Persons, the terms are no more favourable to the Interested Persons than those extended by the EAR Group to unrelated third parties for the same or substantially similar products and/or services; and
  - (iv) in respect of the leasing and rental of properties, the transactions with Interested Persons will be carried out at prices comparable with the market value and/or rent of properties of similar type and close vicinity.

In the event that the Chief Executive Officer or his associates is deemed to be interested in the Interested Person Transactions, the Audit Committee will appoint another senior officer of the Company (who must not be an interested person or his associates) to review the Interested Person Transactions with the Company's Internal Audit Division.

- (b) As a basis for comparison to determine whether the price and terms offered to/by the Interested Persons are no more favourable than those extended to/by third parties, contracts for the same or substantially similar types of transactions entered by the EAR Group with unrelated third parties will be used.

As a basis for comparison to determine whether terms offered by the Interested Person (taking into account factors such as pricing, delivery schedule, usual margins, rebates or discounts accorded for bulk purchases) are fair and reasonable, quotes will be obtained where possible from at least two unrelated third-party suppliers, for the same or substantially similar quantities and quality of products and/or services.

With regard to the leasing and rental of properties, the Company will seek the advice of professional property valuers on the market value and/or rent for such properties or carry out comparisons of market value and/or rent for similar properties in the vicinity. The Chief Executive Officer of the Company and an officer from the Internal Audit Division of Intraco will review the advice of the professional property valuers or the comparisons of market value and/or rent, whichever is applicable.

Where it is impractical or not possible for quotes to be obtained from unrelated third party suppliers, or where there has not been any similar or substantially similar transaction between the EAR Group and unrelated third parties, the terms of supply will be in accordance with applicable industry norms, prevailing rates and at rates or prices no less favourable than those charged by the Interested Person to an unrelated third party. In such a situation, an officer (who must not be an interested person or his associates) from the Internal Audit Division of the Company will be responsible for deciding, in consultation with the head of the relevant business unit of the EAR Group, on the relevant industry norms and prevailing rates to be used as a comparison.

- (c) The Internal Audit Division of the Company will maintain a register of transactions carried out with Interested Persons pursuant to the Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into). It will also incorporate into the Company's internal audit plan, a quarterly review of all transactions entered into in the relevant financial year pursuant to the Mandate.

- (d) In addition:

- (i) Interested Person Transactions equal to or exceeding S\$100,000.00 but below 3 per cent. of the latest audited consolidated NTA of the Company each in value will be subject to review and prior approval by the Chief Executive Officer of the Company, or other officer of similar rank (as may be designated from time to time by the Chief Executive Officer of the Company or the Audit Committee for the purpose);
- (ii) Interested Person Transactions between 3 per cent. and 5 per cent. of the latest audited consolidated NTA of the Company each in value will be subject to review and prior approval by the Chief Executive Officer of the Company or, in his absence, the Chairman of the Audit Committee or some other member of the Audit Committee (as may be designated from time to time by the Chairman of the Audit Committee for the purpose);
- (iii) Interested Person Transactions equal to or exceeding 5 per cent. of the latest audited consolidated NTA of the Company each in value will be subject to review and prior approval by the Audit Committee. The Audit Committee may, as it deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers; and







