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

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**PROPOSED DISPOSAL OF INTEREST IN INTRACO TECHNOLOGY PTE LTD**

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The Board of Directors of INTRACO Limited (the "**Company**") and its subsidiaries (the "Group") wishes to announce that the Company had on 3 May 2011 entered into a sale and purchase agreement (the "**Agreement**") with Serial Microelectronics Pte Ltd (the "**Purchaser**"), a wholly-owned subsidiary of Serial System Limited, for the disposal of the Company's entire interest in Intraco Technology Pte Ltd ("Intraco Tech"), which is wholly-owned by the Company and which comprises of 10,000,000 issued and paid up shares in Intraco Tech to the Purchaser, upon the terms and subject to the conditions of a Share Purchase Agreement (the "**Proposed Disposal**").

**Information on Intraco Technology Pte Ltd**

Intraco Tech is a Singapore registered company and its principal activity is marketing and distribution of computer components and semiconductors, provision of wireless and embedded design and solutions, and the provision of hospitality solutions and services.

**Consideration**

The aggregate consideration for the Proposed Disposal is US$100,000 (the "**Sale Price**"), which was arrived at on a willing buyer and willing seller basis, taking into account of losses incurred in the past 4 months subsequent to 31st December 2010. A Shareholder's Loan of US$3,448,445 and S$3,630,863 had also been made by the Company to Intraco Tech (the "**Shareholder's Loan**"). The Shareholders' Loan shall be repayable by the Purchaser to the Company in 5 instalments in accordance with the repayment schedule as follows:-

(a) The first instalment of US$250,000 and S$308,750 shall be paid on the completion date; and

(b) The balance of US$3,198,445 and S$3,322,113 shall be repayable on a half yearly basis from completion date in 4 equal instalments and it shall bear interest for each day until such amount is paid at SIBOR rate plus 1.5% per annum.

A parent corporate guarantee from Serial System Limited shall secure the due observance of the repayment schedule by the Purchaser.

**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; (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.)

(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;

(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;

(e) the agreement of certain suppliers as detailed in the Agreement to continue their appointment of Intraco Tech or the Purchaser and its assigned related companies as the non-exclusive distributor in the approved territories with effect from the transfer date, subject to the usual terms and conditions of these suppliers; and

(f) Intraco Tech/the Company obtaining separate agreements from the participants of the Intraco Technology Share Option Scheme (ITSOS) whom have been granted options thereunder undertaking that they will not exercise their options pursuant to the terms of the said ITSOS.

**Value of the Disposed Asset**

As at 31 December 2010, the net asset value of Intraco Tech was S$1,119,000.

**Financial Effects of the Disposal**

The proforma financial effects of the Disposal are purely for illustrative purpose and are neither indicative of the actual financial effects of the 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 2010 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 has been completed on 31 December 2010; and

(b) in the calculation of the EPS, for illustrative purposes, it is assumed that the Proposed Disposal had been effected on 1 January 2010.

**NTA**

| | Before the Disposal | After the Disposal |
|---|---|---|
| NTA (SGD'000) | 76,429 | 75,423 |
| Number of Shares ('000) | 98,636 | 98,636 |

| | | |
|---|---|---|
| NTA per share (cents) | 77.49 | 76.47 |

**EPS**

| | Before the Disposal | After the Disposal |
|---|---|---|
| Net profit of the Group attributable to the shareholders (SGD'000) | 378 | 2,301 |
| Loss on proposed divestment [1] | - | (2,929) |
| Foreign currency translation differences on disposal of Intraco Tech reclassified to profit or loss | - | (725) |
| Net profit/(loss) of the Group attributable to the shareholders (SGD'000) | 378 | (1,353) |
| Weighted average number of Shares ('000) | 98,636 | 98,636 |
| EPS (cents) | 0.38 | (1.37) |

[1] Assuming divestment made on 1 January 2010.

**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:-

**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 2010 | 1.46% |
| (b) | Net loss before tax attributable to the assets disposed of as at 31 December 2010 (S$'000) | (1,925) |
| | Net profits before tax of the Group as at 31 December 2010 (S$'000) | 326 |
| | Relative figure (%) | -590.49% |
| (c) | Aggregate value of consideration given, compared with issuers' market capitalisation as at, being the market day immediately preceding the date of the Agreement | 0.40% |
| (d) | The number of equity shares issued by the issuer as consideration for an acquisition, compared with the number of | Not applicable as no shares will |

| | | |
|---|---|---|
| | equity securities previously in issue. | be issued as consideration. |

**Rationale for the Disposal**

The core business of the Company is trading of commodities, building materials and lighting. 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 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

Chew Kok Liang
Wee Jee Kin
Company Secretaries