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

PROPOSED DISPOSAL OF INTEREST IN INTRACO TECHNOLOGY PTE LTD ("Intraco Tech") TO SERIAL MICROELECTONICS PTE LTD

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1. APPROVAL IN-PRINCIPLE FROM SGX-ST

Further to the Company's announcement dated 3 May 2011, the Board of Directors of INTRACO Limited (the "**Company**") wishes to announce that the Company was informed by the Stock Exchange Trading Limited ("SGX-ST") on 12 May 2011 that the SGX-ST has no objection to the Company's application for a waiver of the requirement for shareholders' approval under Rule 1014 of the Listing Manual ("Waiver"), subject to the following:-

(a) The Company announcing the Waiver, the reasons for seeking the waiver and the conditions as required under Listing Rule107; and

(b) A written confirmation from the Company's Board of Directors on the following:-.

(i) There has been no material change in the risk profile of the Company arising from the Proposed Disposal, as per Paragraph 3.4(a) of Practice Note10.1;
(ii) The Proposed Disposal will be beneficial and not prejudicial to the Company and its shareholders; and
(iii) The loss for the Proposed Disposal is not more than S$66,000 and there is no write off/provisions to reduce NAV of Intraco Tech for the financial accounts as at 30 April 2011.

The SGX-ST reserved the right to amend and/or vary the above confirmation/decision and such confirmation/decision is subject to changes in the Exchange's policies.

2 REASONS FOR WAIVER AS SUBMITTED BY THE COMPANY TO SGX-ST

2.1 The Company's reasons for seeking the waiver are as follows:-

2.1.1 The relative numbers under Rule 1006 are below 5% except for the negative Profit Test which arose because Intraco Tech is incurring a significant losses. The Profit Test may not give a meaningful indication of the significance of the Proposed Disposal as the negative figure arose solely from Intraco Tech's significant loss.

2.1.2 Intraco Tech is not considered a significant core business. Intraco Tech is a standalone unit and its operations are not integrated with the rest of the Company and its subsidiaries (the "**Group**"). There are no economies of scale or synergies enjoyed between Intraco Tech and the Group. Economies of scale are of particular importance in the business segment Intraco Tech is in and a pre-requisite of profitability given the changes in this industry. There is no reason to believe that this trend is reversible. While the semi-conductor business was a notable part of the Group's business in the past, the lack of economies of scale and the losses which have occurred has resulted in the Board making a decision to move away from this sector and to sell Intraco Tech, subject to the necessary processes and procedures. This will preserve shareholder value and allow the Company to concentrate on its remaining areas of business.

2.1.3 There is no adverse change in the risk profile arising from the Proposed Disposal. The Proposed Disposal will help the Company to eliminate the risk associated with the semiconductor industry.

2.1.4 Intraco Tech has been incurring significant losses for the past 3 years and continued to incur significant losses in the last 3 months to 31 March 2011 as stated in paragraph 3 below. The Company expects continuing losses to be significant as the Group does not have the necessary resources or economies of scale to turn this loss-making company around. The losses were operational or trading loss and there was no intercompany write-off arising. Therefore the Proposed Disposal will be in the interest of the Group as it is the disposal of a loss-making subsidiary.

2.1.5 The Proposed Disposal will enable the Company not to consolidate the continuing significant losses of Intraco Tech from the completion date of the proposed disposal. This will stop the Company from haemorrhaging further and preserve shareholder value. Every single month counts. If the proposed disposal is not completed for whatsoever reason and if the Company is unable to sell Intraco Tech to any other party, the Company will have to consider the closure of Intraco Tech's operations. In such event, then aside from the loss of jobs, shareholders will be in a worse off position as the closure route will cost the Company more in term of redundancy payments, settlement of financial commitment and professional fees incurred to carry out the closure of the Intraco Tech.

2.1.6 The Company believes that it will be more time and cost efficient if a waiver is granted to the Company from the requirement to obtain the approval of Shareholders for the proposed disposal.

3. CLARIFICATION TO THE ANNOUNCEMENT ON 3 MAY 2011

The Company also wishes to clarify the following:

Intraco Tech had started making losses since the financial year ended 31 December 2008. The following were the loss after tax for the past years.

i) For year ended 31 December 2008 – US$283,983 (S$ 449,904)
ii) For year ended 31 December 2009 – US$2,272,815 (S$ 3,170,103)
iii) For year ended 31 December 2010 – US$1,398,282 (S$ 1,934,860)
iv) For the period 1 January 2011 to 31 March 2011 – US$530,774 (S$683,160)

Based on the audited accounts as at 31 December 2010, the net asset value of Intraco Tech was S$1,119,000. Based on the unaudited management accounts as at 31 March 2011, after taking into account of 3 months operating and translation losses of S$694,000, the net asset value of Intraco Tech was S$425,000. Based on the 31 March 2011 net asset value, the Company will incur a loss of S$311,000 on the Proposed Disposal. In addition, a foreign currency translation difference of S$ 725,000 which had been taken to reserve previously will be reclassified to profit or loss.

The Company expects continuing losses to be significant as the Group does not have the necessary resources or economies of scale to turn this loss-making company around. The losses were operational or trading loss and there was no inter-company write-offs. The Company expects the loss on the proposed disposal not to exceed S$66,000 on completion of the Proposed Disposal.

4. WRITTEN CONFIRMATION FROM THE COMPANY'S BOARD OF DIRECTORS

The Company is in the process of obtaining the confirmation from the Board of Directors of the matter set out in (1) (b) and shall submit the same to SGX-ST.

By Order of the Board

Chew Kok Liang
Wee Jee Kin
Company Secretaries