

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

FURTHER INFORMATION IN RELATION TO THE ANNOUNCEMENT OF THE UNAUDITED FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The Board of Directors of Intraco Limited (the “**Company**”) refers to its earlier announcement dated 22 February 2011 of its unaudited full year results for the financial year ended 31 December 2011 (the “**Announcement**”).

The Board of Directors of the Company wishes to announce that the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has, subsequent to the release of the Announcement, requested for further information pertaining to the Announcement. The query by SGX-ST and the response by the Company to the query are as follows: -

SGX-ST query: Allowance has been made in the Announcement for doubtful receivables of S\$5.534 million - to provide an explanation of what is the allowance due to and how it came about.

Response to SGX-ST query:

The allowances made for doubtful receivables were made after the Company’s management reviewed and assessed the recoverability of the Intraco Group’s long outstanding receivables. The allowances made for doubtful receivables were mainly in relation to:

- 1) the uncertainty over the recoverability of a long outstanding receivable due to the delay in the arbitration hearing involving a third party and a wholly-owned subsidiary of the Company. As disclosed in the section “ *Group’s loss before tax*” at item 8 of the Announcement, the management has made an allowance of S\$2.38 million in respect of the recoverability of this long outstanding receivable;
- 2) the inability to recover long outstanding receivables from its debtor, Lee Hong Electrical Engineering Pte Ltd (“**LHEE**”) in relation to a project undertaken by the Company. LHEE informed the Company in June 2011 that it does not have sufficient funds to pursue arbitration against a third party for related claims, wherein LHEE is liable to be accountable for and to make payment of the outstanding receivables to the Company. Accordingly, the Company included such outstanding receivables as part of its doubtful debts provided for in its profit warning announcement dated 29 July 2011 and its half year unaudited financial statement dated 4 August 2011 for the period ended 30 June 2011.

Subsequently, there was an amicable settlement between the Company and the guarantors of LHEE wherein the Company accepted the payment of S\$200,000 in satisfaction of the liability owed by the guarantors of LHEE to the Company. This settlement was announced on 15th February 2012. In the Company’s half year unaudited financial statement dated 4th August 2011, the

management had already made a provision of S\$2.37 million in respect of the inability to recover this long outstanding receivable. As disclosed in the section "*Group's loss before tax*" at item 8 of the Announcement, the said provision of S\$2.37 million is similarly included in the Company's total computation of doubtful debts; and

- 3) the allowance made for the amount due from Intraco Technology Pte Ltd ("**Intraco Technology**"), a 100% owned subsidiary of the Company sold to Serial Microelectronics Pte Ltd (the "**Purchaser**") which the management assessed to be potentially unrecoverable. Pursuant to the sale and purchase agreement entered into between the Company and the Purchaser dated 3 May 2011, a shareholders' loan owing by Intraco Technology to the Company (the "**Shareholders' Loan**") is payable by the Purchaser to the Company in 4 half yearly instalments over 2 years. The final instalment payment of the Shareholders' Loan is contingent on the recoverability of several debts from various debtors by Intraco Technology. In the event that the Purchaser is not successful in recovering payment of the said debts from Intraco Technology's debtors, the Shareholder's Loan payable by the Purchaser to the Company will be reduced by the amount of the outstanding debts from Intraco Technology's debtors accordingly. As disclosed in the section "*Group's loss before tax*" at item 8 of the Announcement, the management has made a provision of approximately S\$0.79 million in respect of the low possibility of recoverability of the debts from various debtors by Intraco Technology.

By Order of the Board

Go Kim Chuan Mark
Company Secretary
28 March 2012