

THE STRATECH GROUP LIMITED

(Incorporated in Singapore)

Company Registration No. 201430212R

THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE STRATECH GROUP LIMITED INTO ONE (1) NEW CONSOLIDATED SHARE (FRACTIONAL ENTITLEMENTS TO BE DISREGARDED)

1. INTRODUCTION

The board of directors (the “**Board**”) of The Stratech Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a share consolidation exercise, pursuant to which the Company will undertake a share consolidation of every ten (10) existing issued ordinary shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (“**Shareholders**”) as at a books closure date to be determined by the Board (“**Share Consolidation Books Closure Date**”) into one (1) new ordinary share in the capital of the Company (“**New Consolidated Share**”), fractional entitlements to be disregarded (the “**Proposed Share Consolidation**”).

2. THE PROPOSED SHARE CONSOLIDATION

- 2.1 Under the Proposed Share Consolidation, every ten (10) existing Shares registered in the name, or standing to the credit of the securities account, of each Shareholder (as the case may be) as at the Share Consolidation Books Closure Date will be consolidated to constitute one (1) New Consolidated Share, fractional entitlements to be disregarded. Accordingly, after the Share Consolidation Books Closure Date, every ten (10) existing Shares will constitute one (1) New Consolidated Share.
- 2.2 Shareholders should note that the number of New Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Share Consolidation Books Closure Date, will be rounded down to the nearest whole New Consolidated Share and any fractions of New Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be aggregated and/or dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company. Each New Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 New Consolidated Shares. Affected Shareholders will not be paid for any fractions of a New Consolidated Share which are disregarded. Shareholders holding less than ten (10) existing Shares may wish to consider their options accordingly.
- 2.3 As at the date of this Announcement, the Company has an issued and paid-up share capital of S\$112,708,766 divided into 1,567,183,371 Shares (with no treasury shares). On the assumption that there will be no new Shares issued by the Company up to the Share Consolidation Books Closure Date, following the Proposed Share Consolidation, the Company will have an issued share capital of S\$112,708,766 divided into 156,718,337 New Consolidated Shares.
- 2.4 The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any

paid-up capital of the Company, and has no effect on the equity of the Group, the Company, or its subsidiaries. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. In addition, the Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

3.1 The Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and the Shareholders.

3.2 The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) introduced a minimum trading price of S\$0.20 with effect from 2 March 2015, as an additional continuing listing requirement for issuers listed on the Mainboard of the SGX-ST (the “**MTP Requirement**”). A one-time transition period of 12 months from the date of introduction of the MTP Requirement will be given to affected issuers to undertake corporate actions to meet the new requirement.

Pursuant to the MTP Requirement, issuers which are not able to record a six (6)-month volume weighted average price of its shares of S\$0.20 or above on 1 March 2016 (or in the case of companies which have consolidated their shares before 1 March 2016, on 1 September 2016) and at any of the subsequent quarterly review dates will be placed on the watch-list. Affected issuers will be provided a cure period of 36 months to take remedial actions. Affected issuers which fail to take remedial actions during the cure period may be delisted from the Mainboard of the SGX-ST.

For the past six (6) months prior to the date of this Announcement, the Shares have been trading in a range of between S\$0.068 and S\$0.028. As such, the Company proposes to undertake the Proposed Share Consolidation to comply with the MTP Requirement. The Board believes that the Proposed Share Consolidation would facilitate the Company’s ability to satisfy the MTP Requirement.

3.3 In addition, share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), and low traded share prices may translate to higher transaction costs, relative to the trading price. The Board therefore believes that the Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding, and this may also serve to reduce the relative transaction costs for Shareholders in their trading of Shares.

3.4 To facilitate the share consolidation process for affected Mainboard-listed issuers, the SGX-ST will be waiving all corporate action fees payable by issuers in relation to an MTP Requirement-related share consolidation for two (2) years with effect from 2 March 2015. This provides the Company a good opportunity to undertake the Proposed Share Consolidation at a lower cost.

3.5 **Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired effect, nor is there assurance that such effect (if achieved) can be sustained in the longer term.**

4. EFFECTS ON OPTIONS

- 4.1 The alteration to the number of Shares as a result of the Proposed Share Consolidation will also constitute an event giving rise to an adjustment to the exercise price of each option and/or the number of options issued (“**Options**”) pursuant to the rules of The Stratech Group Limited Employee Share Option Scheme 2014 approved and adopted at an extraordinary general meeting held on 25 February 2015 (“**ESOS**”) in connection with a prior internal restructuring exercise of the Group by way of a scheme of arrangement under Section 210 of the Companies Act (Chapter 50) of Singapore approved by Shareholders and which became effective on 1 April 2015.

As at the date of this Announcement, there are outstanding Options granted to employees of the Company amounting to 46,851,145 Shares which have not been exercised.

- 4.2 The adjustment to the Options will be made to take into account the effects of the Proposed Share Consolidation in accordance with the rules of the ESOS. The Company will make further announcements in relation to such adjustments when appropriate.

5. APPROVALS AND CONDITIONS

- 5.1 The implementation of the Proposed Share Consolidation is subject to:

- (a) the approval of the SGX-ST being obtained for the Proposed Share Consolidation and for the listing of and quotation for the New Consolidated Shares; and
- (b) the approval of Shareholders by way of an ordinary resolution at an extraordinary general meeting of the Company to be convened.

- 5.2 An application will be made to the SGX-ST for the listing of and quotation for the New Consolidated Shares on the Mainboard of the SGX-ST pursuant to the Proposed Share Consolidation. An appropriate announcement on the outcome of the application will be made in due course.

6. FURTHER ANNOUNCEMENTS

- 6.1 Subject to the receipt of the approval in-principle from the SGX-ST for the listing of and quotation for the New Consolidated Shares on the Mainboard of the SGX-ST, a circular containing, *inter alia*, further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.

- 6.2 **Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company’s securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their bank managers, stockbrokers, solicitors, accountants, tax advisers or other professional advisers immediately.**

BY ORDER OF THE BOARD

Leong Sook Ching
Executive Director/Company Secretary
23 February 2016