

PNE INDUSTRIES LTD
(Company Registration No. 199905792R)
(Incorporated in the Republic of Singapore)

PROPOSED CONSOLIDATION OF EVERY FOUR (4) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of PNE Industries Ltd (the “**Company**”) wishes to announce that the Company proposes to undertake a share consolidation of every four (4) existing issued ordinary shares in the capital of the Company (“**Shares**”) registered in the name of each shareholder of the Company (“**Shareholder**”) as at a books closure date (“**Books Closure Date**”) to be determined by the Board, into one (1) consolidated ordinary share in the capital of the Company (“**Consolidated Share**”) (the “**Proposed Share Consolidation**”).

As a result of the Proposed Share Consolidation, each Shareholder will receive one (1) Consolidated Share for every four (4) Shares held prior to the Proposed Share Consolidation as at the Books Closure Date, fractional entitlements to be disregarded.

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

Under the Proposed Share Consolidation, every four (4) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated to constitute one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of 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 dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of one hundred (100) Consolidated Shares.

As at the date of this announcement, the Company has an issued share capital of S\$36,991,168 comprising 335,667,050 Shares. Following the completion of the Proposed Share Consolidation and on the assumption that there will be no new Shares issued by the Company from the date of this announcement up to the Books Closure Date, the Company will have an issued share capital of S\$36,991,168 comprising 83,916,762 Consolidated Shares.

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 shareholders' equity of the Company and its subsidiaries. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.

3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) introduced a minimum trading price of S\$0.20 per share (“**MTP**”) for Mainboard listed issuers as a continuing listing requirement with effect from 2 March 2015. Issuers have a twelve (12) month transition period from 2 March 2015 to comply with the MTP requirement. Pursuant to the new MTP requirement, issuers which are unable to record a six (6)-month volume weighted average price (“**VWAP**”) of S\$0.20 or above on 1 March 2016 or at any of the subsequent quarterly review dates will be placed on the watch-list. Issuers who fail to meet the MTP will be afforded a cure period of thirty six (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) calendar months prior to the date of this announcement, the six (6)-month VWAP of the Shares was S\$0.1395, which is below the MTP requirement of S\$0.20.

The highest and lowest closing market prices and the transacted volume of the Shares traded on the SGX-ST for each of the past six (6) calendar months are as follows:

	Highest Price (S\$)	Lowest Price (S\$)	Volume of traded Shares (‘000)
November 2014	0.199	0.131	2,557
December 2014	0.151	0.131	539
January 2015	0.137	0.127	929
February 2015	0.150	0.134	1,272
March 2015	0.140	0.115	100
April 2015	0.139	0.116	698
May 2015 ⁽¹⁾	0.138	0.135	237

Note:

(1) Up to 15 May 2015

Source: <http://www.sgx.com/>

The Company proposes to undertake the Proposed Share Consolidation to comply with the MTP requirement imposed on Mainboard-listed issuers by SGX-ST.

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

4. APPROVALS

The Proposed Share Consolidation is subject to, *inter alia*:

(a) the approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST; and

(b) the approval of Shareholders by ordinary resolution at an extraordinary general meeting ("**EGM**") of the Company to be convened.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares on the SGX-ST. An announcement on the outcome of the application will be made in due course.

Subject to the receipt of the approval in-principle from the SGX-ST in connection with the Proposed Share Consolidation, a circular containing, *inter alia*, the notice of EGM and the details of the Proposed Share Consolidation will be despatched to Shareholders in due course.

5. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing in the Company's securities. Shareholders and potential investors should consult their stock brokers, solicitors or other professional advisers if they have any doubts about the actions they should take.

BY ORDER OF THE BOARD

Tan Meng Siew
Financial Controller and Company Secretary
18 May 2015