

PHARMESIS INTERNATIONAL LTD.
(The “**Company**”)
(Incorporated in the Republic of Singapore)
(Co. Registration No.: 200309641E)

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

1. INTRODUCTION

The Company is proposing to undertake a share consolidation exercise, pursuant to which the Company will undertake a share consolidation of every 10 existing issued ordinary shares in the capital of the Company (“**Shares**”) held by the shareholders of the Company (“**Shareholders**”) as at a books closure date to be determined by the board of directors of the Company (“**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 (“**Proposed Share Consolidation**”).

2. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

- 2.1 The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) introduced a minimum trading price of S\$0.20 for issuers listed on the Mainboard of the SGX-ST with effect from 2 March 2015 as an additional continuing listing requirement (“**MTP Requirement**”). Issuers will have a 12-month transition period ending on 1 March 2016 to take steps to comply with the MTP Requirement.
- 2.2 Issuers will be first assessed for compliance with the MTP Requirement 12 months from 2 March 2015 (i.e. as at 1 March 2016). Issuers that fail to fulfil the MTP Requirement at the first review date on 1 March 2016 or any of the subsequent quarterly reviews will be placed on the watch-list of the SGX-ST. The assessment of whether the issuer has met the MTP Requirement of S\$0.20 will be based on issuer’s volume weighted average price of its shares for the six (6) months preceding the date of review. Issuers placed on the watch-list on or after 1 March 2016 will have a 36-month cure period to exit from the watch-list, and issuers who fail to exit from the watch-list may be delisted from the Mainboard of the SGX-ST.
- 2.3 The Company is seeking to undertake the Proposed Share Consolidation with the purpose of raising the minimum theoretical share price of the Company so as to comply with the MTP Requirement.
- 2.4 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 may also serve to reduce the relative transaction cost for trading in the Shares.
- 2.5 **Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired effect as stated in this Paragraph 2, nor is there assurance that such effect (if achieved) can be sustained in the longer term.**

3. INFORMATION ON THE PROPOSED SHARE CONSOLIDATION

- 3.1 Under the Proposed Share Consolidation, every 10 existing Shares registered in the name of each Shareholder as at the Share Consolidation Books Closure Date will be consolidated to constitute one (1) New Consolidated Share. Accordingly, after the Share Consolidation Books Closure Date, every 10 existing Shares will constitute one (1) New Consolidated Share.
- 3.2 Shareholders should note that the number of the 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 dealt with in such manner as the Board may, in their absolute discretion, deem fit in the interest 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.
- 3.3 As at the date of this announcement, the Company has an issued share capital of S\$15,586,956 divided into 200,000,000 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\$15,586,956 divided into 20,000,000 New Consolidated Shares.
- 3.4 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.
- 3.5 Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Shareholders who hold physical share certificates may wish to deposit the same with the Central Depository (Pte) Limited (“**CDP**”) and have their Shares credited to their securities accounts with CDP before the announcement of the Share Consolidation Books Closure Date, as after the Share Consolidation Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares.

4. ADJUSTMENTS TO OPTIONS

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 employee share option scheme approved and adopted by the Company at an extraordinary general meeting held on 25 August 2004 (“**Scheme**”) and which has since expired as the Company did not renew the Scheme. As at the date of this Announcement, there are outstanding Options granted to employees and directors of the Company amounting to 10,200,000 Shares which have not been exercised.

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 Scheme. 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 dealing in, 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 to be convened.

5.2 An application will be made to the SGX-ST for the dealing in, listing of and quotation for the New Consolidated Shares on the Mainboard of the SGX-ST pursuant to the Proposed Share Consolidation.

6. FURTHER INFORMATION

6.1 CIRCULAR

Subject to the receipt of the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the New Consolidated Shares on the Mainboard of the SGX-ST, further information on the Proposed Share Consolidation will also be set out in the circular to be despatched to Shareholders in due course.

6.2 CAUTION IN TRADING

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 stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Jiang Yun
Executive Chairman

9 July 2015