

STRATECH SYSTEMS LIMITED

(Incorporated in Singapore)

Company Registration No. 199608251Z

RESPONSE TO SGX-ST QUERY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

The Board of Directors ("**Board**") of Stratech Systems Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 21 July 2014 in relation to the Company's Annual Report for the financial year ended 31 March 2014 ("**Annual Report**"). The Company wishes to provide clarification as follows:

SGX's query

Paragraph 11.3 of the Code of Governance 2012 (the "Code") states that the Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and*
- (b) regarding the effectiveness of the company's risk management and internal control systems.*

As required under Listing Rule 710, please make disclosures as recommended in the Code or otherwise explain the reason(s) for the deviation.

Company's response

The Board did not adopt the practice of obtaining written assurance from the Chief Executive Officer and Chief Financial Officer:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (b) regarding the effectiveness of the company's risk management and internal control systems.

Notwithstanding the above, the Executive Chairman and the Executive Director, David Chew K.M. and Leong Sook Ching had given their assurance to the Audit and Risk Management Committee ("**ARMC**") and the Board at meetings held, among others, to review the financial statements, receive the report of the external auditors on the findings of their audit, and receive the report and findings of the outsourced internal auditors:-

- (i) that, to the best of their knowledge, the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances;
- (ii) that, to the best of their knowledge, nothing has come to their attention as Management, which would render the financial statements to be false or misleading in any material aspect;
- (iii) that they are aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the Company; and
- (iv) that they are not aware of any known significant deficiencies in the risk management and internal control systems relating to the preparation and reporting of financial data, or of any fraud.

The ARMC and the Board will adopt a written assurance in respect of the above matters with effect from FY2015.

BY ORDER OF THE BOARD

Leong Sook Ching
Company Secretary
22 July 2014