

STRATECH SYSTEMS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 199608251Z)

RESPONSES TO SGX-ST QUERIES ON HALF-YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

The Board of Directors of Stratech Systems Limited (the "Company") wishes to announce the following responses to SGX-ST's queries in relation to the Half-Year Financial Statement and Dividend announcement for the financial period ended 30 September 2014 ("1H2015"), announced on 14 November 2014.

QUERY 1:

In the Balance Sheet, Company announced that "Included in other payables are loans of S\$1.25million (FY2014: S\$0.25million) from third parties. These loans are unsecured, repayable on demand and bear interest of 18% per annum (FY2014: 18%)".

(a) Please provide:-

- (i) Details on who these third parties are;
- (ii) Reasons for the significant interest rate of 18%;
- (iii) Details on the use of proceeds from the loans; and
- (iv) Details on why the loans are repayable on demand with no maturity date.

REPLY:

These loans are made up of various amounts from various parties over different periods of time. The various parties included former convertible bond holder(s) and other business acquaintances. The Company confirms that these are not related parties.

The 18% interest rate charged is due to the relatively short-term and unsecured nature of the loans. The loans are repayable for periods of up to six months and repayable on demand in an event of default.

The loans were used for working capital purposes.

QUERY 2:

In paragraph 17 of the Announcement, the Company disclosed that "Dr. David K.M. Chew ("Dr.Chew") provided a continuing guarantee for the recovery of outstanding debts from Procurement Bureau of the Republic of China, Taiwan, Ministry of National Defence ("MOND") and EDS Electronic Data Systems (HK) LTD ("EDS")" and the "Aggregate value of IPT in the year" amounted to S\$2.30 mil for transactions with Dr. Chew.

Is S\$2.30 mil the amount guaranteed or is this amount a payment to be made to Dr. Chew for the guarantee provided? Please clarify.

REPLY:

The S\$2.3million is the amount guaranteed by Dr. Chew.

By Order of the Board
Leong Sook Ching
Company Secretary
9 January 2015