

RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE LIMITED (“SGX”)

The Board of Directors of The Stratch Group Limited (the “Company”) provides the following responses to queries from SGX of 2 January 2018 as follows:

SGX Query 1. **In the Company’s half yearly results (“1H2018”) announced on 14 November 2017 (the “Announcement”), it was announced that the “financial statements of the Group for the financial year ended 31 March 2017 are still being audited”. The Company made an application for an extension of time to end of September 2017 to hold its annual general meeting (“AGM”) but its application had been rejected. Please:-**

i) **Explain why the audit has not been completed;**

Reply: In view of the delay in sign-off of the audit and holding of the AGM, the statutory auditors will now require a review of the Company’s financial statements up to the current accounting period and to update its opinion accordingly. The Company will be engaging the auditors to conduct the review and update its opinion accordingly, so as to complete the audit and to hold the AGM as soon as practicable. In addition, the Company needs to make payments for accrued audit fees to avoid compromise of the auditors’ independence.

ii) **Provide details on the status of the audit;**

Reply: Please see response above.

iii) **Provide details on when the Company intends to hold its AGM; and**

Reply: The Company targets to hold its AGM by end of February 2018.

iv) **Provide details on what prevented the Company from holding its AGM in September 2017**

Reply: As previously announced, the Company proposed to undertake a renounceable non-underwritten rights issue (“Rights Issue”), in which the founders and controlling shareholders, David Chew and Leong Sook Ching (“Controlling Shareholders”) committed to provide irrevocable undertakings to the Company to subscribe for their respective rights entitlement pursuant to the Rights Issue, by injection of about \$9 million of fresh funds and conversion of \$2 million to \$3 million of existing loans to the Company.

In view of the Company’s negative equity and financial results for FY2017, the Company was of the view that the statutory auditors might not be able to opine on the appropriateness of the Company’s preparation of its financial results on the assumption as a going concern until injection of the full amount of the indicated fresh funds. However, due to unforeseen circumstances, there had been inadvertent delays in securing the funding as anticipated. Notwithstanding, the Controlling Shareholders have been making the injections progressively as advances in anticipation of conversion to capital as planned. To date, the aggregate amount accrued to the Controlling Shareholders totals about \$5.5 million, and the Controlling Shareholders are working to complete injection of the rest of the funds.

In view of the above, the Company will be working with the auditors to complete the audit on the current status on an as-is basis and to hold the AGM as soon as practicable.

SGX Query 2. **In paragraph 10 of the Announcement, it was disclosed that “(a)s a show of confidence and commitment to the Group and its business, founders and controlling shareholders David K.M. Chew and Leong Sook Ching announced that they intend to subscribe for their respective rights issue entitlements by injection of fresh funds as well as conversion of amounts owing to them into equity”.**

i) **Please disclose when the Company expects to receive these funds; and**

Reply: As disclosed above, the Controlling Shareholders have injected funds as advances progressively. They target to make further injections over the next few months.

ii) **The Company was halted and subsequently suspended since August 2017 to resolve its repayment of loan, payroll and CPF issues. Please disclose the status of these issues.**

Reply: The Company has not resolved these issues fully and continues to work on resolving the issues.

SGX Query 3 **Please disclose a confirmation that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) as required under Listing Rule 720(1).**

Reply: The Company's directors and executive officers have given undertakings as required under the Listing Rule 720(1) in accordance with Appendix 7.7.

BY ORDER OF THE BOARD

Leong Sook Ching
Company Secretary
7 January 2018