

AZTECH GROUP LTD.

(Incorporated in Singapore on 6 August 1986)
(Company Registration Number: 198601642R)

PROPOSED SELECTIVE CAPITAL REDUCTION

1. INTRODUCTION

The board of directors ("**Board**") of Aztech Group Ltd. ("**Company**") wishes to announce that it proposes to seek the approval of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting of the Company ("**EGM**") to be convened for the implementation of a selective capital reduction exercise to be undertaken by the Company ("**Selective Capital Reduction**") to cancel all the issued and paid-up ordinary shares ("**Shares**") held by the Shareholders (except those held by AVS Investments Pte. Ltd. ("**AVS Investments**")) ("**Participating Shareholders**"), pursuant to Section 78G of the Companies Act (Chapter 50 of Singapore) ("**Companies Act**"). For the purposes of this Announcement, AVS Investments shall also be referred to as the "**Non-Participating Shareholder**".

2. SELECTIVE CAPITAL REDUCTION

2.1 Background: Reference is made to the circular of the Company dated 22 December 2016 to Shareholders in relation to the exit offer by AVS Investments ("**Offer**") and delisting of the Company from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Delisting**") and announcements in connection therewith, which are accessible at www.sgx.com.

2.2 The Company's Proposal: The Company proposes to implement the Selective Capital Reduction and cancel all the Shares held by the Participating Shareholders to provide the Participating Shareholders with an avenue to realise the value of their Shares following the Delisting. **The Participating Shareholders will receive S\$0.42 for each Share held that is cancelled as a result of the Selective Capital Reduction.**

2.3 Reduction of Share Capital: The Selective Capital Reduction will involve reducing the share capital of the Company from S\$77,929,440.16 comprising 51,009,343 Shares to S\$73,089,897.34 comprising 39,486,622 Shares, representing a reduction of the total issued share capital of the Company by approximately 6.21 per cent.

2.4 Process: The Selective Capital Reduction will be effected by (a) cancelling the amount of S\$4,839,542.82 constituting part of the total paid-up share capital of the Company that is held by the Participating Shareholders and (b) cancelling 11,522,721 of the said Shares constituting part of the total issued share capital of the Company that is held by the Participating Shareholders.

2.5 Cash Distribution: The aggregate sum of S\$4,839,542.82 arising from the Selective Capital Reduction will be returned to the Participating Shareholders in cash, on the basis of S\$0.42 for each Share held by each Participating Shareholder that is cancelled as a result of the Selective Capital Reduction ("**Cash Distribution**").

2.6 Funds for the Selective Capital Reduction: The Selective Capital Reduction will be funded from existing cash and cash equivalents.

3. INFORMATION ON AVS INVESTMENTS

AVS Investments is a special purpose vehicle which was incorporated in Singapore for purposes of the Delisting and the Offer. Its principal activity is that of investment holding. As at the date of this announcement, AVS Investments has an issued and paid-up capital of S\$1 comprising one ordinary share. Mr Michael Mun Hong Yew is the sole shareholder and the sole director of AVS Investments.

4. RATIONALE

The Selective Capital Reduction is an internal corporate exercise that is proposed by the Company for the Participating Shareholders.

Following the Delisting, it has become difficult for the Participating Shareholders to realise their investment in the Shares given the lack of a public market for the Shares, and the Company has received numerous enquiries from Shareholders on how they can sell their Shares. With the Selective Capital Reduction, the Participating Shareholders will have an opportunity to realise the value of their Shares.

The Selective Capital Reduction would enable the Company to return the aggregate sum of S\$4,839,542.82 in cash to the Participating Shareholders in respect of the cancellation of the Shares held by them. The Cash Distribution of S\$0.42 for each Share cancelled as a result of the Selective Capital Reduction will result in the Participating Shareholders receiving the same amount per Share received by former shareholders of the Company who tendered their Shares in acceptance of the Offer at the base offer price of S\$0.42 for each Share ("**Offer Price**").

If the Participating Shareholders who are entitled to vote do not approve the Selective Capital Reduction, there is no guarantee that another opportunity will arise in the future for the Participating Shareholders to realise the value of their Shares.

5. EXEMPTIONS BY THE SECURITIES INDUSTRY COUNCIL

The Securities Industry Council (the "**SIC**") has exempted the Selective Capital Reduction from Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Singapore Code on Take-overs and Mergers (the "**Code**"), subject to the following conditions: (a) AVS Investments and its concert parties (if any) abstain from voting on the Selective Capital Reduction (b) the directors of the Company who are acting in concert with AVS Investments abstain from making a recommendation on the Selective Capital Reduction to Shareholders and (c) the Company appoints an independent financial adviser to advise the Participating Shareholders on the Selective Capital Reduction.

In addition, SIC has ruled that Mr Michael Mun Hong Yew and Mr Jeremy Mun Weng Hung ("**Relevant Directors**") are exempted from the requirement to make a recommendation on the Selective Capital Reduction as they face irreconcilable conflicts of interest rendering it inappropriate for them to make such a recommendation. Each of the Relevant Directors must, however, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Selective Capital Reduction.

6. CONFIRMATION OF FINANCIAL RESOURCES

United Overseas Bank Limited has confirmed that sufficient financial resources are available to the Company to fund the aggregate sum of the Cash Distribution which will be returned to the Participating Shareholders if the Selective Capital Reduction becomes effective.

7. DISCLOSURES

7.1 Holdings and Dealings:

(a) *Relevant Persons' Holdings*: The number of Company Securities¹ owned, controlled or agreed to be acquired by:

- (i) the Non-Participating Shareholder and its concert parties; and
- (ii) the directors of the Non-Participating Shareholder,

(collectively, the "**Relevant Persons**") as at the date of this Announcement ("**Announcement Date**") is set out below:

Name	Direct Interest		Total Interest (Direct and Indirect)	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
AVS Investments	39,486,622	77.41	39,486,622	77.41
Mr Michael Mun Hong Yew	-	-	39,486,622	77.41
Mr Jeremy Mun Weng Hung	300,000	0.59	300,000	0.59
Mr Mun Weng Kai	250,000	0.49	250,000	0.49

Note:

(1) Calculated based on 51,009,343 Shares in issue.

(b) *No Other Holdings*: Save as disclosed in this Announcement, none of the Relevant Persons owns, controls or has agreed to acquire any Company Securities as at the Announcement Date.

7.2 No Material Arrangements: As at the Announcement Date, none of the Relevant Persons has entered into any arrangements (whether by way of option, indemnity or otherwise) in relation to any Company Securities which might be material to the Selective Capital Reduction.

7.3 No Other Arrangements: As at the Announcement Date, none of the Relevant Persons has (a) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise (b) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold) or (c) lent any Company Securities to another person.

7.4 Irrevocable Undertakings: As at the Announcement Date, none of the Relevant Persons and/or the Company has received any irrevocable commitments or undertakings from any Shareholder to accept, approve or reject the Selective Capital Reduction in respect of any Company Securities.

8. SHAREHOLDERS AND COURT APPROVAL

Pursuant to Section 78G of the Companies Act, in order for the Selective Capital Reduction to be approved, (a) a special resolution must be passed by the Shareholders approving the Selective Capital Reduction and (b) the approval and confirmation by the High Court of the Republic of Singapore (the "Court") of the Selective Capital Reduction must be obtained.

Upon an order of the Court being made approving the Selective Capital Reduction (the "Court Order"), the Selective Capital Reduction will take effect upon the lodgement of a copy of the Court Order, together with the other documents as prescribed under the Companies Act, with the Registrar of Companies of Singapore (the "Registrar") within 90 days beginning with the date the Court Order is made, or within such longer period as the Registrar may allow.

9. APPOINTMENT AND ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

Stirling Coleman Capital Limited, has been appointed as the independent financial adviser (the "**IFA**") to advise the Participating Shareholders on the Selective Capital Reduction.

10. CIRCULAR TO SHAREHOLDERS AND NOTICE OF EGM

A circular to Shareholders (the "**Circular**") setting out relevant information relating to the Selective Capital Reduction and containing the advice of the IFA, together with the notice of the EGM (the "**Notice**") to be convened to seek the approval of the Shareholders for the Selective Capital Reduction, will be despatched to Shareholders in due course. A copy of the Circular and the Notice will also be made available on the Company's website at <http://www.aztech.com.sg> ("**Aztech Website**"). Please refer to the Aztech Website for further announcements in relation to the Selective Capital Reduction.

11. ABSTENTIONS

The Non-Participating Shareholder and parties acting in concert with it will abstain and will not vote on the special resolution relating to the Selective Capital Reduction at the EGM.

12. RESPONSIBILITY STATEMENT

The directors of the Company and AVS Investments (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement (other than those relating to AVS Investments and the Company respectively) are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information in this Announcement has been extracted or reproduced from published or publicly available sources, the sole responsibility of the directors of the Company has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD OF

AZTECH GROUP LTD.

Pavani Nagarajah (Company Secretary)
19 July 2017

¹ In this Announcement, "Company Securities" means any Shares or securities which carry voting rights in the Company or convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company.