SUNNINGDALE TECH LTD

(Company registration number 199508621R)
(Incorporated in the Republic of Singapore)

ACQUISITION OF AS ATEC AND ATEC OF SWEDEN AB AND ASSIGNMENT OF LOAN

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1. INTRODUCTION

The board of directors ("**Board**") of Sunningdale Tech Ltd ("**Company**") is pleased to announce that its wholly owned subsidiary Sunningdale Tech Design Pte. Ltd. (Company registration number: 200300116C) ("**Sunningdale Design**") has entered into a conditional sale and purchase agreement ("**SPA**") with Plasticscommerce Pte Ltd ("**PCC**") today pursuant to which:

(a) PCC has agreed to sell and transfer and Sunningdale Design has agreed to purchase and acquire all the issued and paid-up ordinary shares ("**Sale Shares**") in the share capital of Akciju Sabiedrība ATEC ("**AS ATEC**") and in the share capital of ATEC of Sweden AB ("**AOS**") (collectively, "**Target Companies**", and each a "**Target Company**"); and

(b) PCC has also agreed to transfer and assign and Sunningdale Design has agreed to such transfer and assignment of the loan made by PCC to the AOS which amounts to SEK 2.4 million (approximately S$455,000) ("**Transferred Loan**"),

collectively, the "**Acquisition**".

2. BACKGROUND OF THE TARGET COMPANIES AND SUNNINGDALE DESIGN

Target Companies

AS ATEC is a company incorporated in the Republic of Latvia on 2 May 2001 and AOS is a company incorporated in the Kingdom of Sweden on 11 July 2008. The business of the Target Companies involves the manufacture, production and sale (in Europe) of plastic products, to a global leading home furnishing company ("**Major Customer**") as a major customer.

Sunningdale Design

Sunningdale Design is a wholly-owned subsidiary of the Company.

Sunningdale Design was incorporated as a private limited company in Singapore on 3 January 2003 and has an issued share capital of S$2.00 comprising 2 ordinary shares of S$1.00 each, all fully paid-up.

Sunningdale Design has not carried out any business prior to the date of this announcement.

3. SALIENT TERMS OF THE ACQUISITION

3.1 Cash Consideration

The aggregate cash consideration payable by Sunningdale Design to PCC for the Sale Shares and the Transferred Loan ("**Aggregate Consideration**") is S$14.0 million, consisting of:

(a) an initial consideration of S$12.5 million; and

(b) a deferred consideration of:

(i) conditional upon the agreed gross profit of the Target Companies for the financial year ending 31 December 2012 being at least 1.38 times the gross profit for the financial year ended 31 December 2010 ("the **FY2010 Gross Profit**") (as calculated in accordance with the SPA), S$0.75 million payable in one (1) tranche ("**Deferred Consideration A**"); and

(ii) conditional upon the agreed gross profit of the Target Companies for the financial year ending 31 December 2013 being at least 1.38 times the FY2010 Gross Profit (as calculated in accordance with the SPA), an amount which is equivalent to S$1.5 million less the amount paid as Deferred Consideration A, payable in one (1) tranche.

As at 31 December 2010, the audited earnings before the deduction of interest, tax, depreciation and amortisation ("**EBITDA**") of the Target Companies is approximately S$3.9 million and the book value of the Transferred Loan is SEK 2.4 million (approximately S$455,000). The unaudited net tangible asset value of the Target Companies is approximately S$4.6 million as at 31 March 2011.

The Aggregate Consideration was arrived at on a willing seller-willing buyer basis after arms' length negotiations between the Company and PCC, taking into account, *inter alia*, the EBITDA and the net tangible asset value of the Target Companies as set out above.

The Company is funding the Aggregate Consideration through its existing internal resources and/or external financing.

3.2 Conditions Precedent

Completion of the Acquisition is conditional upon, *inter alia*, the following conditions precedent ("**Conditions**") having been fulfilled by 31 October 2011 or any other date agreed in writing by PCC and Sunningdale Design:

(a) the receipt of written consent(s) from the Major Customer in relation to the transactions contemplated in connection with the Acquisition, with no adverse variation to all existing agreements entered into between the Major Customer and the Target Companies and that such existing agreements are to continue on their existing terms;

(b) the receipt of written consent(s) from the lenders of the Target Companies in relation to the transactions contemplated in connection with the Acquisition, with no adverse variation to the existing financing agreements entered into with the Target Companies and that such existing financing agreements are to continue on their existing terms;

(c) the receipt of satisfactory evidence in respect of the termination of previous agreements made between LLC ATEC (Russia) and AS ATEC and that LLC ATEC (Russia) has waived, released and discharged all its rights under such agreements;

(d) the receipt of satisfactory evidence in respect of the termination of certain agreements made between the relevant Target Company and members of the PCC group of companies (each a "**PCC Group Company**"), and that the relevant PCC Group Company has waived, released and discharged all its rights under the relevant agreement(s);

(e) the termination of the existing maintenance agreement between SIA ATEC Engineering and AS ATEC, and the entry into of a new maintenance agreement between SIA ATEC Engineering and AS ATEC which is to take effect only on completion of the SPA;

(f) the receipt of satisfactory evidence that Hafelekar AB and Peter Malm have released, discharged and waived any claims and/or rights that they may have in connection with their (i) previous holding of three per cent (3%) shareholding in AOS and/or (ii) transfer of such three (3%) shareholding in AOS to PCC;

(g) the entry into of a consultancy agreement between the Company and PCC, in respect of the Target Companies; and

(h) the receipt by Sunningdale Design of such waivers or consents as may be necessary to give effect to the transactions contemplated under the SPA.

3.3 Break Fee

Sunningdale Design and PCC have agreed that a break fee of S$400,000 shall be payable by PCC upon the occurrence of certain events, including:

(a) if, prior to completion of the Acquisition, Sunningdale Design chooses to terminate the SPA as a result of a breach of warranties given by PCC;

(b) PCC being in breach of its undertaking in relation to the procurement of the fulfilment of the Conditions; and

(c) PCC being in non-compliance with certain undertakings and covenants (during the period between the date of the SPA and the date of completion of the Acquisition), including, to (i) solicit or invite any enquiries or offers from any person relating to the acquisition of any interest or any form of investment in the Target Companies or (ii) sell or otherwise dispose of any shares or assets of the Target Companies.

3.4 Directors to be appointed to the Company

No person is proposed to be appointed as a director of the Company in connection with the Acquisition.

4. RATIONALE

The Company's strategic intent is to continue to develop new customers and increase its share of business in existing customers so that its spread of business, in terms of segments and geography, will be increasingly diversified.

The Company is of the view that the Target Companies' existing business will be synergistic to the moulding and tooling business of the Company and its subsidiaries ("**Group**") by expanding the Group's customer base, product portfolio and capabilities into Europe. Further, the Acquisition allows for an opportunity to build and establish a business relationship with one of the largest home furnishing retailers in the world.

The Company believes that the Acquisition is an excellent and timely opportunity and will further its ongoing objective of expanding its current scope of business activities, sourcing for alternative consistent sources of revenue and improving returns to the Company's shareholders.

5. CHAPTER 10 OF THE LISTING MANUAL

The relative figures as computed on the bases as set out in Rule 1006 of the Listing Manual, based on (a) the unaudited consolidated accounts of the Group for the three (3) months ended 31 March 2011 (as announced by the Company on 10 May 2011) and (b) the unaudited accounts of the Target Companies for the three (3) months ended 31 March 2011, are as follows:

(a) Net asset value test (Rule 1006(a))

Not applicable as this basis is not applicable to an acquisition of assets.

(b) Net profits test (Rule 1006(b))

The net profits attributable to the assets to be acquired, amounting to approximately S$0.49 million[1], is approximately 16.9% of the Company's net profits amounting to approximately S$2.9 million.

(c) Market capitalisation test (Rule 1006(c))

The Aggregate Consideration amounting to S$14.0 million is approximately 13.2% of the Company's market capitalisation of approximately S$105.9 million as at 1 August 2011, being the market day immediately preceding the date of the SPA. The Company's market capitalisation is determined by multiplying the number of its shares in issue by the weighted average price of such shares transacted on such day.

(d) Equity Securities Test (Rule 1006(d))

Not applicable as the Company is not issuing equity securities as consideration for the Acquisition.

Having regard to the above, the Acquisition does not constitute a "Major Transaction" under Rule 1014 of the Listing Manual, and accordingly, shareholders' approval will not be required.

[1] Exchange rate used in the calculation of net profits is as at 31 March 2011.

6. FINANCIAL EFFECTS

The proforma financial effects of the Acquisition set out below (which is based on the audited consolidated accounts of the Group for the financial year ended 31 December 2010) are for illustration purposes only, and are neither indicative of the actual financial effects of the Acquisition on the net tangible assets ("**NTA**") per ordinary share in the share capital of the Company ("**Share**") and earnings per Share ("**EPS**"), nor represent the actual financial position and/or results of the Group immediately after the completion of the Acquisition.

6.1 Effect on Net Tangible Assets (NTA) per Share

Assuming that the Acquisition had been completed as at 31 December 2010, the effect of the Acquisition on the NTA per Share is as follows:

As at 31 December 2010	NTA per Share[1]
Before adjusting for the Acquisition	29.13
After adjusting for the Acquisition[3]	29.68

[1] Based on the number of issued Shares in the Company as at 31 December 2010 being 746,023,143.

6.2 Effect on Earnings Per Share (EPS)

Assuming that the Acquisition had been completed as at 1 January 2010, the effect of the Acquisition on the EPS for the financial year ended 31 December 2010 is as follows:

For the financial year ended 31 December 2010	EPS[2]
Before adjusting for the Acquisition	1.84
After adjusting for the Acquisition[3]	1.94

[2] Based on the weighted average number of issued Shares in the Company during the financial year ended 31 December 2010 being 743,553,996.
[3] Based on net profits attributable to the Target Companies amounting to approximately S$0.782 million.

7. CAUTION

Shareholders and investors should note that completion of the Acquisition is subject to, *inter alia*, the fulfilment of the Conditions in accordance with the SPA. Shareholders and investors are therefore advised to exercise caution in their dealings in the Shares of the Company.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company, and to the best of the Directors' knowledge, none of the controlling shareholders of the Company, has any interest, direct or indirect, in the Acquisition other than by reason of its shareholding in the Company.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the Company's registered office at 51 Joo Koon Circle Singapore 629069 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
SUNNINGDALE TECH LTD

Khoo Boo Hor
Chief Executive Officer and Executive Director
2 August 2011